

**MANDELA BAY DEVELOPMENT AGENCY
ANNUAL REPORT
2012/13**

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Acronyms and Abbreviations

AFS	Annual Financial Statements
ArtEC	Art Eastern Cape
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
EPRU	Eastern Province Rugby Union
FY	Financial Year
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IRB	International Rugby Board
HEMCO	Helenvale Cleaning Cooperative
HERI	Helenvale Recycling Initiative
HRC	Helenvale Resource Centre
HURP	Helenvale Urban Renewal Programme
GIZ	German Development Agency
GGP	General Growth Properties
GVA	Gross Value Add
KfW	German Development Bank
KPI	Key Performance Indicator
LED	Local Economic Development
NAPDI	Northern Areas People's Development Initiative
NDPG	Neighbourhood Development Partnership Grant
NLDTF	National Lottery Distribution Trust Fund
NMB	Nelson Mandela Bay
NMBM	Nelson Mandela Bay Municipality
NMMU	Nelson Mandela Metropolitan University
MBDA	Mandela Bay Development Agency
PAC	Programme Advisory Committee
SABCOHA	South African Business Coalition on HIV/Aids
SAPS	South African Police Service
SDA	Service Delivery Agreement
SEDA	Small Enterprise Development Agency
SMME	Small, Micro, Medium-sized Enterprise
SPUU	Safety & Peace through Urban Upgrading
SPV	Special Purpose Vehicle
SRA	Special Ratings Area
SSIF	Strategic Spatial Implementation Framework
the dti	The Department of Trade and Industry

Section 01: Introduction & organisational overview

1. Foreword by the Executive Mayor of Nelson Mandela Bay, Cllr Benson Fihla

A holistic view of the city of Nelson Mandela Bay will reveal a hub of activity, with construction taking place in every corner of the city – from inner-city renewal to the transformation of our townships. A proven way to create jobs – and attract and retain business and investors – is the rejuvenation of inner city areas and the redevelopment of critical nodes that are in decline.

Despite the many challenges faced by the Nelson Mandela Bay Municipality, it continues – through the various vehicles it has created – to move towards achieving its long-term vision for the creation of a world-class city.

The vision mapped out at the outset of the conception of the Nelson Mandela Bay Municipality's development entity, the Mandela Bay Development Agency, some ten years ago, is taking shape as the agency gains momentum and matures in its ability to deliver at a consistently high level. It gives me great pride to see the transformation taking place in some of the city's most vibrant areas – making our communities the ideal place to live, work and play.

The MBDA was given the mandate to complement the NMBM's service delivery by carrying out projects that promote inner-city renewal. Its mandate was subsequently extended to include township renewal, aimed at upgrading our township areas so as to promote tourism, job creation, investment and citizen pride. Through this we acknowledged the need to address challenges such as aging infrastructure in our townships, and our aim is to collaborate with the private sector to develop these areas by improving infrastructure, upgrading public amenities and beautifying open spaces.

A walk around in the historically marginalised, but slowly transforming suburb of Helenvale will clearly reveal the visible and tangible results of the positive impact of the township renewal programme – which has provided infrastructural upgrades to key parts of the area. The last five years saw investment to the tune of R78-million injected into the development of Helenvale under the auspices of the NMBM's Helenvale Urban Renewal Programme (HURP) and the MBDA is now building on advancements made in this regard. This significant national and provincial government investment focuses on physical and infrastructural development, with skills development and job creation opportunities for the community as a top priority. In a testament to the MBDA's funding attraction abilities a further (EUR) €5-million investment by the KfW Bank (German Development Bank) will be ploughed into a Safety & Peace through Urban Upgrading (SPUU) programme in Helenvale, further ensuring that some of the socio-economic challenges of the area are addressed.

The MBDA is also undertaking urban renewal initiatives in New Brighton, Veeplaas and Walmer-Gqebera; always in close consultation with the communities through comprehensive public participation process to ensure that the real needs of the people are adequately met and their voices are heard. This falls squarely in line with the community development and participation objectives of the NMBM.

The achievements in inner city areas – with a dual focus on infrastructure development and the creation of dynamic public spaces through public art – have been particularly successful as we watch business and investment start to trickle back into these nodes, restoring vibrancy to areas formerly affected by entrenched urban decay. It is safe to say the tide is turning. We watch with interest as further phases are implemented in the inner city.

Overall the MBDA delivered on its mandate to develop and manage lasting infrastructural projects. As the implementing agent responsible for urban renewal, the MBDA's achievements in a relatively short time have far exceeded the expectations of the city and the general public.

In conclusion, I am pleased to applaud the notable impact that the MBDA is making on the lives of our people. I thank the MBDA's leadership and staff for their commitment to the creation of a competitive, world-class city. We look forward to seeing the constant improvement of our townships and inner city through the MBDA's on-going ability to deliver on, and often go beyond, its mandate.

CLLR BENSON "OOM BEN" FIHLA
EXECUTIVE MAYOR: NELSON MANDELA BAY MUNICIPALITY

2. Chairperson's Report

A decade of facilitating catalytic public sector investment is showing real returns for the MBDA and, more importantly, the city of Nelson Mandela Bay. Residents, investors and business are witnessing a turnaround strategy in action, bringing renewed hope, economic activity and social transformation to previously neglected and decaying areas of the city.

Since its establishment in 2003, the MBDA has managed public investment of more than R300-million in direct infrastructure upgrades and environmental improvements, and built up a track record of successful projects which has resulted in its mandate area steadily increasing. From an initial focus on regeneration of the CBD, the agency's mandate now encompasses urban renewal in township areas, the beachfront, the NMB Stadium precinct, and Uitenhage.

Township renewal, in particular, brings an important additional dimension to the MBDA's portfolio. These areas are as much in need of urban renewal as the CBD, so that they can function as integral parts of the city and become amenable places to live, play and work. Here the MBDA's role is focused on reversing apartheid-era neglect and inequality, and developing sustainable residential and business zones that will contribute to addressing the challenges of poverty and unemployment. The MBDA played a significant role in upgrading projects in the year under review, particularly in Helenvale, as well as New Brighton, Veeplaas and Walmer-Gqebera. The projects have already contributed to social upliftment and job creation in these areas, through the employment and upskilling of local contractors.

In addition to marking a decade of its role as implementer, facilitator and enabler of socio-economic transformation, the year under review also marked the mid-point of the MBDA's five-year strategic plan. The strategic plan charts a long-term strategic vision and development priorities derived from the MBDA's Strategic Spatial Implementation Framework (SSIF) and closely aligned to the city's five-year Integrated Development Plan (IDP). The priorities of the strategic plan are in turn translated into a set of Key Performance Indicators (KPIs). Performance in terms of these KPIs is reported in detail later in the Annual Report. But the board is satisfied that the MBDA is on course to both short and long-term KPIs.

The MBDA's strength lies in its political objectivity, creative urban planning, project management skills, sound administrative and financial systems, a sense of urgency and the ability to build good relationships in an often-fraught political environment. Public participation is the point of departure for all project design and implementation, in order to ensure the economic, social and political sustainability of the agency's interventions.

The MBDA's success to date is the result of an approach where specific projects are identified as interventions to complement the city's IDP and spatial development frameworks. Using public sector funding, these projects act as catalysts to encourage private sector investment, with positive impact on employment, living standards, the city's rates base and gross domestic product.

Urban renewal has revitalised the inner city as a place for life, work and play, and stimulated arts and culture activities in an environment that both honours the city's heritage and creates space for the emerging creative economy and new ways of creating and celebrating cultures. By strategically locating projects, and either upgrading or recycling under-used public buildings and spaces, the agency has created a number of development nodes that are beginning to expand and link up through private sector investment and connect spaces and people in a unified city environment.

As a result of sustained infrastructure development and urban renewal, the city has the potential to develop a strong tourism and real estate sector that will complement existing sectors and contribute to diversifying its predominantly manufacturing-based economy. In stimulating property and tourism investment, the MBDA is playing a key role in reducing the city's over-reliance on industry, particularly automotive manufacturing – a shift which is critical to ensuring that the Nelson Mandela Bay economy is less susceptible to external economic shocks.

As a facilitator and enabler of public expenditure to stimulate private sector investment and socio-economic upliftment, the key indicator of the MBDA's success is measurable impact on gross domestic product, jobs and the municipal rates base, and demonstrable socio-economic change. The MBDA's economic survey information system is updated through annual business and residential surveys on the impact of projects within the agency's mandate areas. As new data is added to the baseline assessments, it will become possible to identify trends in the mandate areas and make informed planning decisions for the future.

The MBDA Economic Barometer released in February 2012 clearly indicated the positive impact on the local economy of the MBDA upgrades of the Donkin Reserve, King's Beach area and Uitenhage Market Square. Investment in these three areas generated additional production and sales for businesses of R250-million, with a corresponding increase of R81-million in GVA and 673 new direct, indirect and induced jobs. Together with the earlier upgrades of Govan Mbeki Avenue, Parliament Street and Strand Street, these projects will continue to promote urban renewal and employment creation.

There is no doubt that there are also intangible and hard-to-quantify "soft" returns – such as civic pride, a unifying momentum, a new energy in the city centre, the emergence of a strengthened creative economy – that are being delivered through the work of the MBDA.

While the expansion of the MBDA's mandate area is important from an integrated development planning point of view and serves as testament to the agency's success, it is not without its challenges and does place additional pressure on already stretched human and financial resources.

The concern is that the pressure generated by successful delivery may dilute the MBDA's development mandate as a special purpose vehicle and result in it becoming a mere recipient of municipal projects in crisis. There is a risk that expectations of the agency will shift to basic service delivery, which is a municipal obligation, and weaken its focus on delivery to its developmental mandate and facilitating role. The MBDA is, and must remain, a development agency, and not become a duplicate municipality.

The MBDA has become a crucial socio-economic development vehicle for the city. Its future success will be determined by its ability to remain sharply focused and politically objective, people-centred, while maintaining good stakeholder relationships and credibility in order to ensure continued private sector investment response to the public sector investment facilitated by the agency. To this end I applaud the NMBM for continuing to enable the MBDA for delivery within mandate. I would like to thank my esteemed colleagues on the board for their support and strategic direction, the operational leadership of the MBDA, chief executive and staff who work tirelessly to ensure projects not only come to fruition, but are also functional spaces. Lastly, it is prudent to thank the people of Nelson Mandela Bay and our private sector partners who have not only embraced the MBDA projects and vision, but have brought them to life through investment and participation.

SAKI MACOZOMA
CHAIRPERSON: MBDA BOARD

3. Chief Executive's Report

Vision without action is just a dream.
Action without vision just passes the time.
Vision with action can change the world.
- Joel Barker, Futurist

In a global and local environment of both political uncertainty and economic instability, the MBDA continues to hold fast to its core principle of delivering on catalytic projects from visionary concept through to effective implementation.

There is no doubt that the face of Nelson Mandela Bay has changed dramatically in recent years. The development agenda underlying this visible transformation is very clear and informs all the work of the MBDA – to deliver catalytic projects that make a positive economic and social impact; making the urban heart of the city an attractive place to live, work, play, and invest. The MBDA has proven its value in developing vision and strategy, and taking this through to completion of sustainable projects that spur public confidence and investment in previously neglected and under-utilised spaces.

The year under review marked a decade since the city's leaders had the foresight to establish the MBDA as a dedicated Special Purpose Vehicle (SPV) to facilitate, enable and implement a turnaround strategy for the decaying inner city. At the mid-point too of the agency's five-year strategic plan, the time is right not only to look back at the successes of the past, but also to draw on its lessons to plot the future.

The MBDA's mandate area has steadily increased over the past several years, extending from the inner city to the port area and King's Beach, to the NMB Stadium precinct, township areas and Uitenhage. The core focus remains to transform urban places – and publicly-funded improvements are having the desired effect in stimulating private sector investment. But, for the work done thus far to be taken to its logical conclusion, it now needs to culminate in large-scale capital projects taken on collaboratively by both the private and public sector.

The MBDA's work over the past five years in negotiating with Transnet for the release of non-port land for a waterfront development is slowly coming to fruition, with plans currently in place for relocation of the tank farm and manganese ore berth. The next step is to reach agreement on development of these areas for marine, commercial and leisure purposes, and the MBDA continues to drive for achievement of this vision, which will reconnect the port to the city.

Redevelopment of the former Eastern Province Rugby Union stadium in Humewood/Forest Hill as a residential, retail, office, tourism and leisure precinct is another crucial element of the MBDA's long-term vision. EPRU's relocation to its new home at the NMB Stadium has opened up this prime piece of land as a development node ideally located between the airport and the beachfront. As a new residential-business-leisure hub, the site can exploit its proximity to the expanded Boardwalk complex and has the potential for a positive ripple effect on the depressed suburb of Forest Hill.

The MBDA's annual Economic Barometer is a key instrument of the agency's performance-driven management philosophy, and demonstrates the positive social and economic impacts of already-completed projects. The capital injected into projects such as the marina and stadium redevelopment will ensure that the economic multiplier effect of the MBDA's development strategy reaches its full potential.

TOWNSHIP PROJECTS

Township renewal projects are a significant addition to the MBDA's responsibilities and have been identified as core to future evolution of the agency's mandate. Township populations are increasing, putting pressure on already-stressed infrastructure, alongside the social problems that come with high levels of poverty and unemployment. There is a need to ensure that these previously-marginalised areas, a geospatial legacy of apartheid, are integrated equitably into the city and are able to offer amenable living, working and recreation environments.

In addition to the MBDA taking responsibility for the Helenvale Urban Renewal Programme (HURP) in late 2011, projects have been identified in consultation with ward councillors in New Brighton, Veeplaas and Walmer-Gqebera. Projects were selected based on their alignment with both the MBDA's mandate and the city's IDP. The MBDA team has made significant strides on these projects in the year under review, which are more fully recorded later in this report. Building on a R78-million investment by national and provincial government via HURP in Helenvale, over the preceding five years, the MBDA secured funding of (EUR) €5-million from the German Development Bank in the year under review to implement a Safety & Peace through Urban Upgrading (SPUU) programme. The project is focused on physical and social infrastructure improvement over the next four to five years, to create a safer environment in an area that is one of the city's most impoverished; beset with the entrenched problems of unemployment, drugs and gangsterism.

General environmental upgrading of the main streets in Helenvale was completed in May 2013 and work continued on the multi-purpose Helenvale Resource Centre to provide the community with a one-stop facility for social services, meetings, recreation and sport. These and other projects in Helenvale created jobs for more than 100 people resident in the area, and training and contracts for 18 SMMEs.

INNER CITY AND SPECIAL PROJECTS

The inner city renewal programme continues to deliver on the suite of projects identified in the SSIF, and as each reaches completion, the puzzle pieces forming the final vision fall into place. Phase 4 of the Donkin Reserve environmental upgrade was completed over 2012/13 although on a trimmed down budget and tight timeframes. Route 67, the iconic public arts journey, is complete and draws thousands of local and international tourists to the Port Elizabeth CBD and has both stimulated the development of the creative industries while also creating a viable tourism product. During 2012/13 work also started on the Bird Street and Belmont Terrace upgrades, linking the Donkin and Athenaeum Building to what is envisioned as the new academic and cultural industries neighbourhood. To add to the inner city infrastructure construction boom, the MBDA also started work on its new offices, set to transform the Tramways heritage building while concurrently activating the Baakens River-Central-Port node. King's Beach environmental upgrade was also completed over the 2012/13 financial year, with it drawing the most positive reactions city-wide on the investment. All of the above achievements complement completed projects such as the Govan Mbeki and Parliament Street upgrades, and a nicely woven urban renewal tapestry is starting to evolve in the inner city connecting outwards to new nodes.

OPERATIONS

Under ideal circumstances and functioning purely as a development agency, the MBDA would hand over operational management and maintenance of completed projects to the parent municipality. The reality, however, is that the NMBM does not always have the necessary human and financial resources to take on this role. In order to ensure that project interventions translate into sustainable products, the MBDA has expanded its focus into security, cleaning and maintenance – the “basics” that must be seen to be in place in order to instil public confidence and usage of the finished product. However this role is performed under great financial duress, and is in fact the responsibility

of the NMBM. Nonetheless the municipality is currently struggling to cope with delivering at the level needed and as a result the MBDA has had to expand to incorporate operational services to maintain the products it has developed.

In the year under review, the MBDA continued with cleansing and security projects in the Port Elizabeth and Uitenhage CBDs, resulting in steady, positive increases in residential and business confidence in the areas. Successes were achieved with regulation of informal trading and supporting traders to become micro-enterprises, in the introduction of “Go Green” recycling initiatives in designated areas. Strides toward the establishment of the city’s first Special Ratings Area (SRA) in Richmond Hill were made with the MBDA close to reaching 50% plus one vote from property owners for the SRA to be approved – a move which will see the establishment of a non-profit company to become the vehicle for managing the rates.

This “getting the basics right” approach has formed the cornerstone of the MBDA’s development agenda and is a key element in ensuring project success, but should not result in the agency assuming the parent municipality’s role as provider of basic service delivery.

FUNDING

While municipal budget constraints, the lack of political continuity and the loss of experienced city officials may have placed a brake on progress, the MBDA is ready to face the challenge of working within and through these constraints. The lack of basic service delivery does, however, limit full achievement of the MBDA’s development agenda and this will need to be seriously considered in the new financial year. Financing of projects remains a challenge, especially given the municipal budget limitations. Consequently, the MBDA developed a fundraising strategy and started the process of sourcing additional, external development funding to ensure that implementation of the wider vision for the city continues unabated.

MARKETING

Completion of projects is but one factor in the equation of achieving socio-economic transformation. The key factors for success are that the public makes use of the facilities created, and that the private sector invests in upgrading or buying property in the surrounding area. Transforming perceptions of previously neglected and unsafe areas, through strategic communication and marketing of the MBDA’s outputs, has therefore become an important objective, and this function has been strengthened in the year under review with a view for further growth in the year to come after the appointment of a new marketing and communications manager is finalised early in the first quarter of 2013/14.

ACKNOWLEDGEMENTS

While the MBDA retains its consultant-management focus, where a lean team of permanent staff manage a range of consultants and service providers, the core staff has expanded somewhat in order to accommodate the widening of the agency’s mandate. The MBDA is fortunate to employ a team of professionals which may be small but who are all well-skilled, dedicated and passionate about making a difference to the city. Their work is commendable.

The agency recognises that it is a small team, working together within a bigger team of role-players from all corners of business, government and civil society, to achieve a vision bigger than that of any one constituent. A key component of the MBDA’s success then is continued focus on developing and maintaining effective stakeholder relationships, with municipal directorates and officials, residents and business-owners in its mandate areas, and business and civil society organisations.

In facilitating and implementing public sector investment, the MBDA's end goal is to stimulate private sector investment, resulting in its catalytic projects having a ripple effect in surrounding areas, and ultimately, all the projects linking up into a progressive, sustainable and energised city. With a clear vision and strategy; measurement and performance indicators in place; a focus on the end goal; and strong partner networks; the MBDA is well positioned to continue acting as the engine room of transformation of the revitalisation of emerging and developing urban nodes of Nelson Mandela Bay.

PIERRE VOGES

MBDA: CHIEF EXECUTIVE OFFICER

4. MBDA Overview: Vision, mission, values, objectives and mandate

Vision

The establishment of world-class, well-managed, sustainable and vibrant urban places in Nelson Mandela Bay.

Mission

To revitalise and promote designated, sustainable urban places, in partnership with the NMBM, to the benefit of the whole community.

Values

- **Socio-economic development:** We must be an agent of positive social and economic change.
- **Inclusivity:** We strive to understand and meet the needs of our diverse stakeholders.
- **Value for money:** We aim to deliver value on public expenditure and real returns for our stakeholders.
- **Integrity:** We act with openness, transparency and respect.
- **Accountability:** We take responsibility for our decisions and use of our resources.
- **Collaboration:** We work as a team and build partnerships as part of a wider team serving the city.
- **Excellence:** We continually seek ways to raise our standards.
- **Innovation:** We are open to new ideas and welcome our ideas being challenged.
- **Sustainability:** Everything we do makes optimal use of resources and has a lasting, positive impact.

Strategic Objectives

To realise the vision, the regional economic strategy focuses on eight strategic objectives which address urban renewal in the mandate area:

- **Public participation:** Engaging effectively with stakeholders and partners in order to foster understanding, buy-in and shared delivery of urban renewal;
- **Key services:** Promoting, facilitating and managing the basics of security, cleansing and regulatory compliance to strengthen public and investor confidence;
- **Turnaround potential:** Implementing catalytic capital projects in designated urban places as a stimulus for private sector investment;
- **Promotion of heritage, arts and culture as an economic growth tool:** Promoting opportunities for heritage conservation and management, while simultaneously for creating markets for the city's cultural industry to forge a unique identity for the place and its people;
- **Promotion of products:** Marketing the area as a first choice destination to live, work and play;
- **Corporate values:** Being an effective, accountable, learning, creative and caring organisation, respected by staff and stakeholders;
- **Balance:** Managing the area for environmental sustainability; and
- **Growth:** Facilitating social and economic opportunities in all projects and activities in order to contribute to economic inclusion and growth.

Mandate

The MBDA was initiated as an idea of the NMBM and the IDC and the entity is wholly owned by the NMBM. It was created in 2003 and mandated to drive urban regeneration in the Nelson Mandela Bay CBD – and other designated areas – after the city’s leadership acknowledged the imminent need to reverse a trend towards urban decay in the inner city. The CBD remains of critical importance to the NMBM as one of the main contributors to the rates base. A divested inner city means reduced revenue streams and limited growth for the city. Moreover, vacant city centres scare off investment and confine the city’s ability to become competitive on a national and global level. Investment attraction is no longer focused on mega-industries, but developing scalable and diverse industries, inclusive of the creative and knowledge economies, for greater economic security.

Therefore the NMBM, informed by an overall philosophy that cities and their CBD’s are the engines of growth in a region, took firm moves to establish a special purpose vehicle (SPV) to drive development through catalytic infrastructure and capital projects that in turn would stimulate private sector (re)investment. The MBDA’s overall role is not only that of promoter and supporter, but also of a ‘doer’. The agency’s mandate has widened over the years and now encompasses urban renewal in township areas, the beachfront, the NMB Stadium precinct and Uitenhage.

As a municipal entity, the MBDA is governed primarily by the Municipal Systems Act 32 of 2000, the Municipal Finance Management Act 56 of 2000 and the Companies Act No 71 of 2008. It operates under a specific approved mandate document, which outlines that a focused approach needs to be followed in respect of services provided, catalytic infrastructure projects and liaison with other parastatals and government departments in creating a conducive, investment environment in the mandate area. With this in mind, the NMBM also has a Service Delivery Agreement (SDA) with the MBDA which is reviewed every three years and which formalises and governs the relationship between the two entities.

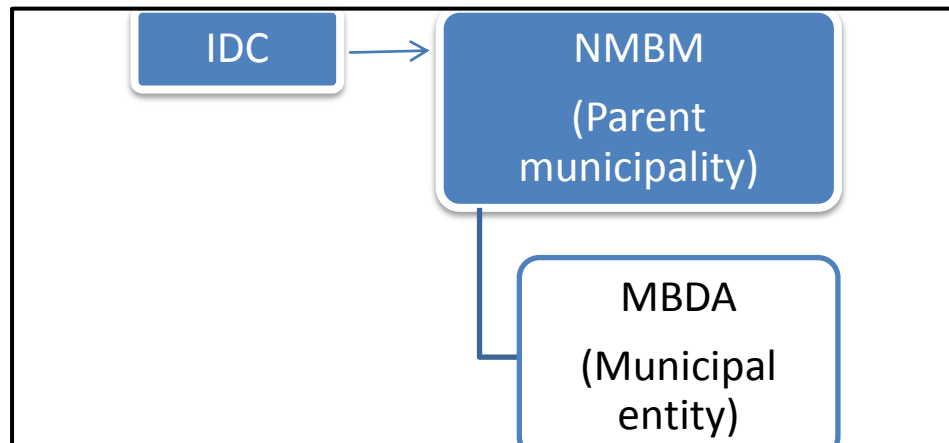
Section 02: Governance

1. Structures

i. Political governance structure

Ownership and control

The MBDA was established as a municipal entity in 2003 as a joint initiative of the NMBM and the Industrial Development Corporation and is wholly owned by the NMBM.



The MBDA receives its mandate from the NMBM, acting through its Board of Directors, the Executive Mayor, the Municipal Manager and NMBM Council. It is contractually accountable to the NMBM to whom it undertakes compliance reporting in respect of its KPI targets being achieved. The MBDA relies on the NMBM for service delivery direction in terms of its contractual obligations contained in the Service Delivery Agreement, and on the political dispensation for its political mandate. As controlling shareholder, the NMBM, provides corporate governance in related support such as sustainability and compliance reporting and review. The MBDA Board is responsible for providing strategic planning and guidance to management as well as ensuring oversight on corporate governance matters, while management is responsible for operational matters in line with the strategic planning and mandate documents of the agency as well as the IDP of its parent municipality.

ii. Administrative governance structure

Board of Directors

The MBDA Board of Directors is an experienced collective of individuals that have the development of the city at heart, and who provide a wide array of political, strategic and business experience and guidance. They offer operational oversight in ensuring the MBDA reaches its objectives and delivers on its mandate.

Board Members

Sakumzi Justice Macozoma (Chairperson)
Phillip Hugo Gutsche (Deputy Chairperson)
Daniel Alexander Jordaan
Lulama Monica Prince
Wilhela Magda Gie

Hannah Sadiki
Alfred Da Costa
Renganayagee Kisten

Audit Committee

Kevin Pather – Chairperson and independent member
Lulama Monica Prince – Board member
Stephen Nel – Independent member

Human Resources and Remuneration Committee

Phillip Hugo Gutsche – Chairperson
Wilhela Magda Gie
Alfred da Costa

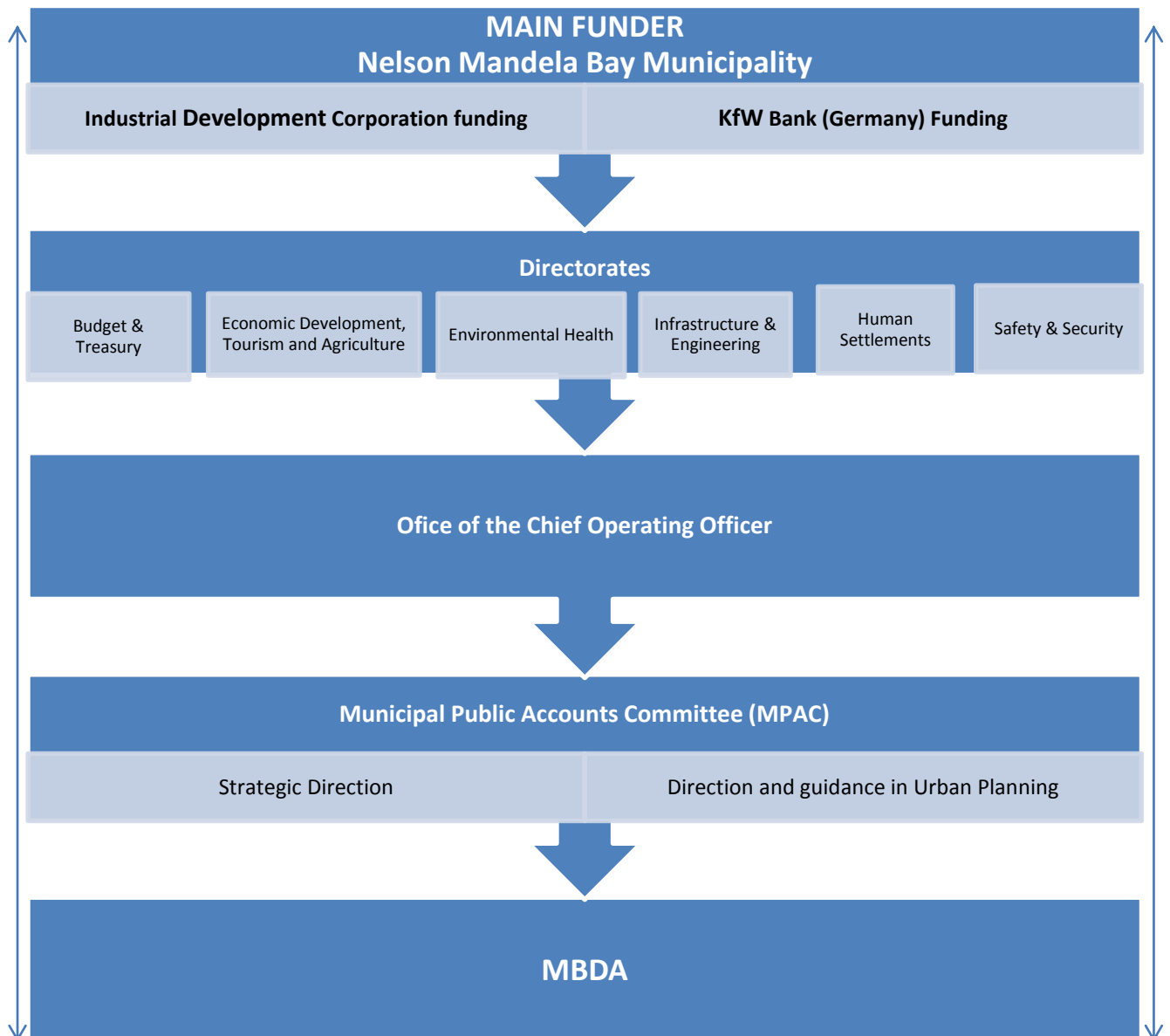
Executive Management

Pierre Voges
Ashwin Daya
Dorelle Sapere
Eldrid Uithaler
Mcebisi Mcalu

2. Inter-governmental relations

Government stakeholders and engagements

The MBDA regularly interacts with certain key NMBM directorates, namely Economic Development, Tourism and Agriculture; Human Settlements; Budget and Treasury; Environmental Health; Infrastructure and Engineering as well as Safety and Security. The MBDA coordinates its area-based developments and other catalytic interventions with the NMBM. Additionally, the MBDA engages with client departments that take ownership of infrastructure and assets created by the MBDA, particularly the Infrastructure and Engineering Directorate. The diagram below represents MBDA stakeholder engagement linkages with the NMBM.



3. Public accountability & participation

All MBDA projects follow an in-depth public participation process, particularly in the master plan and design phases where key stakeholders are collaborated with to meet project design and implementation ends. Final design is conceptualised based on various inputs received and recorded through public participation methods. Management further ensures that such final designs and project concepts are in line with the agency's mandate, strategic plan as well as the IDP of the parent municipality. Moreover the MBDA is in constant conversation with various communities within its mandate areas and maintains a people-centred approach to its development techniques. Perception surveys are performed periodically to also gauge public sentiment and ensure the MBDA has the public's interests at the centre of its initiatives.

4. Corporate profile & governance

i. Corporate profile

The MBDA is a wholly-owned entity of the NMBM, which stimulates, facilitates and supports area-based urban renewal initiatives throughout Nelson Mandela Bay. The agency's mandate areas are focused on the Port Elizabeth CBD and its linkages with the Port of Port Elizabeth and King's Beach, as well as the NMB Stadium and North End, Uitenhage, and the township areas of Helenvale, New Brighton, Veeplaas and Walmer-Gqebera.

HISTORY

The establishment of the MBDA in 2003 created an agency dedicated to regeneration of the inner city of Port Elizabeth and, later, urban centres throughout Nelson Mandela Bay. The MBDA came into being at a critical point in the history of Nelson Mandela Bay, when urban decay in the CBD of Port Elizabeth had led to a decline in occupancy and interest in real estate investment – a downward trend which had begun to impact negatively on the municipal rates base.

The SSIF of the MBDA was developed in 2006 as a point of departure for reversing socio-economic decline in the agency's mandate area. The SSIF established the MBDA's long-term vision and strategy, and was accepted by the NMBM Council as the blueprint for economic development and urban renewal in the mandate area.

PURPOSE & STRATEGY

As an agent of the NMBM, the MBDA's work supports achievement of the goals in the IDP drawn up by the municipality for development of the city as a whole. The SSIF, and the five-year strategic plan derived from it, thus correspond to the urban renewal, urban management and development planning sectors of the IDP.

The MBDA's five-year strategic plan charts the agency's medium- to long-term strategic course. It is periodically reviewed to take account of prevailing local and global economic and political conditions. Drawing on the long-term vision of the SSIF, the five-year plan outlines development priorities and strategies, and is accompanied by Key Performance Indicators (KPIs) that set out short- to medium-term objectives and programmes that will ensure sustained progress towards achieving the vision.

GROWTH STRATEGY

The MBDA has built up a successful track record of implementing projects that have achieved the goals of spurring socio-economic transformation, improving public confidence, and positively influencing decision-making by private sector real estate and business investors.

The increased enthusiasm of the private sector continues to present an opportunity for the MBDA as it seeks to encourage partnerships and involve the private sector, public sector funders, and provincial and national governments in capital project developments that stimulate private sector investment response. The MBDA was established expressly for facilitating such developments and encouraging private sector confidence and investment. Its cumulative and growing experience in the developments it conceptualises, implements and manages, represents a significant asset for the NMBM.

During the 2012/13 period the MBDA continued to deliver on its vision under the SSIF. It will also continue to expand and enhance its competence in meeting the urban renewal needs of Nelson

Mandela Bay. In growing its influence, the MBDA will widen its focus into new mandate areas, concentrate on deepening the lasting economic and social impacts of its work, and ensure that projects are economically and environmentally sustainable.

COMPETENCIES

As a development vehicle, the MBDA coordinates and manages capital investment projects and related initiatives such as cleansing, security and the regulation of informal trading, in partnership with public and private sector stakeholders. In particular, the MBDA has gained significant experience in the following areas:

- Inner city urban renewal – rejuvenation and development of decayed areas;
- A “bottom-up” concept-to-completion approach that involves affected communities in determining the outcome of development projects;
- Project management and coordination of diverse teams of consultants, contractors and service providers;
- Regeneration of historically marginalised areas; and
- Establishing a particular brand of urban planning and urban renewal, with strong emphasis on public participation.

Other than as an implementation agent of the NMBM, with a particular emphasis on urban renewal, the MBDA, through a very strong social approach, has also become a key transformation agent in Nelson Mandela Bay.

ii. Governance

The MBDA endeavours to ensure a number of essential governance staples are in place to ensure the smooth operation of the entity. These include risk management, anti-corruption initiatives, secure supply chain management, a digital presence for engagement and communications and compliance with by-laws.

In terms of risk management, the agency has undertaken a risk review process and has compiled a risk register which is reviewed on a quarterly basis. This register is also tabled at board and audit and risk committee meetings for discussion and appropriate action where necessary. A board approved fraud and corruption policy has also been implemented by the agency with on-going monitoring and evaluation checks and balances in place.

The agency applies strict and sound supply chain management policies and procedures to ensure that this critical business process is fully adhered to in an effective and efficient manner in respect of its various projects. The agency’s supply chain management policy is based on the policy of its parent municipality, whose policy, in turn, is based on the National Treasury model policy. Compliance with this is mandatory and necessary to ensure that all processes are legitimate and fair.

Municipal by-laws indirectly affect the entire city, however, besides the informal traders, security and cleansing plan initiatives of the agency, municipal by-laws as such do not directly impact the agency’s projects. The agency reports to the parent municipality’s EDTA portfolio committee (as outlined above) on the progress of its various urban renewal projects. It also falls under the jurisdiction of the NMBM Municipal Public Accounts committee (MPAC) as well as the NMBM’s Budget Performance Monitoring Forum.

The agency has its own website which reflects the various activities of the entity as well as recording visitor activity on the site. It is also a site where requests for proposals are uploaded and tender

announcements made. In effect the website is one of the major tools for transparency and accountability, as well as effective communication.

Public satisfaction is measured in the form of various informal and formal surveys undertaken periodically, which highlight emergent trends in public and stakeholder perception of the MBDA's urban renewal initiatives.

Section 03: Service Delivery Performance

1. Planning and Development: Inner City & Special Projects

Numerous pieces of the planned puzzle of urban renewal in Nelson Mandela Bay came together in the 2012/13 financial year, as a suite of catalytic projects identified in the SSIF reached completion and new urban transformation projects were initiated. At the centre of these developments, and in line with the original MBDA mandate, is the inner city renewal programme centred on inter-linked precinct upgrades.

The MBDA has invested in excess of R300-million in direct infrastructure upgrading to date – a move that has yielded the desired result of increasing private sector investment, particularly in areas where projects are now completed, such as Govan Mbeki Avenue and the Donkin Reserve. The scale of investment in the city in the decade since the MBDA was established incorporates the following successfully completed or projects in process up to 30 June 2013:

PROJECT		INVESTMENT VALUE
1	Govan Mbeki upgrade	R 89-million
2	Strand Street environmental upgrade	R56-million
3	Parliament Street environmental upgrade	R18-million
4	Donkin Reserve Environmental upgrade	R58-million
5	Route 67 public art programme	R8-million
6	King's Beach environmental upgrade	R30-million
7	Uitenhage Market Square environmental upgrade	R25-million
8	Athenaeum Building upgrade	R4-million
9	Bird Street/Belmont Terrace upgrade	R17-million
10	Re development of Tramways Building	R7-million
11	Various township projects in progress	R1-million
12	Helenvale Resource Centre and precinct upgrades ¹	R71-million
13	Cleansing Plan contract for the inner city precincts of PE and Uitenhage	
14	Security Plan contracts for the inner city precinct of PE	

¹ The project was initiated when the HURP unit was still resident within the special projects directorate in the NMBM, but were later transferred to the MBDA in 2011 as per an NMBM council decision.

The next few years look set for further exciting urban projects, but planning needs to be done cognisant of what is core and what is supplementary; the availability of funding and resources; and enhanced public buy-in and participation. Funding is particular challenge, due to strained municipal budgets and increasing demands for basic service delivery.

A critical part of the upgrades has also been the incorporation of the creative industries, in an effort to activate the creative and knowledge economies as one of the emergent key drivers of local economic development and competitive cities. A strong focus on public art, heritage, cultural activation, and involvement of local creative industries is thus woven into all MBDA projects. This approach is most visible at the Govan Mbeki/Donkin Reserve/Bird Street nexus where the tourism-oriented Route 67 links outdoor public art installations, heritage sites, open spaces and civic squares.

Over the 2012/13 financial year the MBDA was actively involved in the following inner city and special projects:

- Donkin Reserve, Route 67 & the Athenaeum Building
- Donkin Reserve Environmental Upgrade Phase 4
- Bird Street/Belmont Terrace Precinct
- Tramways Building renovation
- Singaphi Road environmental upgrade

The sections below cover the 2012/13 highlights and project developments.

i. The Donkin Reserve, Route 67 & Athenaeum Building

Five years after the MBDA commissioned a plan for the regeneration of the Donkin Reserve in 2008, the space has come alive through infrastructure and environmental upgrades, public art installations and private sector investment to match public spending. The original objectives have been achieved in that the Donkin is a space used and “owned” by the city’s residents; it is a node which is generating cultural, heritage, social and economic benefit for the city; it has also transformed the inner city, creating a new heritage story; and it has successfully become an iconic space for leveraging Nelson Mandela Bay city brand awareness.

ROUTE 67

Route 67 is now complete and can be actively marketed as one of the city’s leading tourism products. The iconic project has already attracted widespread publicity both nationally and internationally, and local buy-in is considerable. The Route 67 arts journey commemorates the 67 years Nelson Mandela dedicated to the liberation struggle, and now knits the inner city together, linking heritage sites, open spaces, civic squares, the entertainment and hospitality nodes and major cultural and sports venues. The result is a vibrant Donkin Reserve which serves as a tourism hotspot, a public art showcase arena, and public meeting space for a range of sporting and cultural activities.

The investment into the Donkin Reserve precinct has been significant. A total of R8-million has been spent on the public art programme with a focus on utilising the rich talent of the emerging artists in the city, particularly those of the NMMU. The result is 67 new art works installed at points along the route.

THE ATHENAEUM

The historic Athenæum Building near the Donkin has been upgraded as part of Route 67 to provide headquarters for local arts, craft and heritage organisations. The MBDA, through the NLDTF,

undertook at R4-million renovation of the ailing building which comprises a theatre, gallery and other multipurpose spaces. The final portion of the investment is now being ploughed into the building's operations via a youth-owned small business, which is driving the rental and use of the building under the oversight of the Athenæum Council. By the end of the 2012/13 financial year, the building was yielding positive rental revenue through a mix of permanent and temporary space rentals, exhibitions, music and theatre productions, poetry evenings, conferences and workshops, including events aimed at the emerging arts and crafts sector. The Athenæum has become part of the city's cultural industry landscape and is intrinsically connected to the Bird Street/Belmont Terrace precinct.

Donkin Reserve Environmental Upgrade Phase 4: 2012/13

Following successful completion of Phases 1-3 of the Donkin Reserve Environmental Upgrade between 2008 and 2012, Phase 4 was initiated and completed in 2012/13. The initial construction phases were led by Rand Civils and the conceptual and spatial planning by the Workplace Consortium. The final contract for Phase 4 was won by Ngelethu Construction. Each phase of the development was geared to embrace a triple delivery context focused on economic development, social transformation and celebration of all heritages – past and present – including the green agenda. All development was informed by the MBDA's overall conceptual framework developed in the initial stages of the project.

Phase 4 concluded the infrastructure work on the Donkin Reserve and moved the project into the operation and marketing stages. Phase 4 has been significant in that it saw the development of an informal, outdoor amphitheatre for a diversity of productions and opportunity for large-scale live events. During 2012/13 a platform for the erection of a large stage was created, together with the necessary power supply and infrastructure to meet the demand for events that enhance the city as a tourism destination.

ii. Bird Street/Belmont Terrace precinct

The Belmont Terrace/Bird Street upgrade commenced in September 2012 with the specific aim of establishing infrastructure for the development of a cultural neighbourhood that would harmonise with Route 67. The development rationale centres on stimulating a creatively-focused living and business environment that supports the re-emergence of everyday public life and a sense of community. The intention is to retain current investments such as the NMMU Bird Street Campus, while stimulating further private sector investment and attracting new professional, residential and business tenants who will "reclaim" the area from the illegal activity that characterises pockets of the precinct.

The MBDA continues to lobby the NMBM to declare a heritage precinct, incentivise investment and conservation of the built and natural environment, and continue investing in the area so that quality of life improves and social ills in the Central suburb are managed – a process that continued in 2012/13.

Development is informed by the Environmental Upgrading Master Plan for the Belmont Terrace and Bird Street precinct, which envisions the area as a node for economic development that fosters heritage, cultural and creative capital to attract private investment. The tourism potential of the precinct also informs the planning. Pre-identified development zones include the Castle Hill Quarter (a potential young residential quarter), the legal quarter around the High Court, the academic and

learning zone mid-way up Bird Street, and the corporate and business area near ArtEC and the NMM Museum.

The project design incorporated a strong focus on community participation and sector involvement to obtain public buy-in and commitment to the project.

iii. Tramways Building

The 116-year-old Tramways Building on the corner of Lower Valley Road and Baakens Street was for years an eyesore at the highly visible transition point from the beachfront into the inner city area. The MBDA identified it as a key catalytic site for development which would assist in the overall linkage of the inner city with the port; and in February 2012/13 started refurbishment processes which are due for completion in 2014/15 in a number of phases. An EIA is in process for phase 2 of the project. The investment to date, as of 30 June 2013 was R7-million with the total project value anticipated to be in the region of R40-million.

Upon completion, the restored building will become the new offices of the MBDA. An environmentally conscious anchor tenant is being considered to share the extra space and the other spaces in the building are being designed for multi-purpose use. Two large halls that once housed off-duty tramways coaches will be restored to their original design before modern amenities are added. These halls will be used for local conferences, exhibitions and workshops. A restaurant and a catering school are also expected to locate in the finished building. The exterior of the building, particularly on the Baakens Street and Lower Valley Road side, will be restored to its original design while the interior and the side facing the Baakens River will feature a more contemporary look with spaces used to optimum effect and enhanced with steel and glass. As part of Phase 2, pedestrian and cycle paths will be added to link the Tramways Building to the Bridge Street development and the north bank of the Baakens River, activating this node and connecting it to the port, CBD, Central and the beachfront.

iv. Singapi Street

Singapi Street is seen as a key connector between Route 67 in the inner city and the Red Location Museum. The MBDA engaged in the public participation process during the 2012/13 financial year to develop a masterplan and the design for the roll out of infrastructure upgrades in the area. Singapi Street features an array of vibrant community life which is intertwined with historical cottages, RDP homes, municipal homes (harking back to colonial and Apartheid Era), informal settlements, flats, parks, businesses, sport facilities, schools, crèches, churches, community projects, and the Red Location Cultural Precinct.

v. Conclusion

The 2012/13 period has laid the groundwork for an expanded MBDA service offering within a widening scope of work in extended mandate areas. The success of the inner city and special projects is irrefutable and good cause for motivation in continuing to work on the delivery of new projects. The institutional capacity and knowledge of the MBDA has also grown over the years, making it the ideal development vehicle for urban revitalization.

Development of the emerging creative and knowledge industries needs to be integrated into the overall NMBM IDP. Planned interventions that focus on growing these sectors are required to

activate their socio-economic potential. The future outlook for the entire creative industry, and particularly those in the Donkin Reserve/Belmont Terrace/Bird Street nexus, depends on the NMBM identifying and supporting nodes or precincts where creative arts and industries are active, and encouraging and facilitating further development. The NMBM can also facilitate the growth of the emergent creative industries through provision of sustainable economic incentives such as rates rebates to encourage the creative sector and related micro-industries to initiate new ventures in the city. This would align with the dti's focus on developing the knowledge economy, film and creative industries alongside the services sector.

2. Planning and Development: Township projects

Township renewal initiatives have been identified as core to future development of the MBDA's mandate. Moving away from the past, where no clear methodology existed for selecting catalytic township development projects, the MBDA made a considered decision to base selection of projects on alignment with both its mandate and the NMBM IDP, in consultation with ward councillors and the responsible municipal directorates. These criteria were used to identify projects for the 2012/13 -2013/14 financial periods in the following areas:

- Helenvale (Ward 13)
- New Brighton (Ward 17)
- Veeplaas (Ward 30)
- Walmer-Gqebera (Ward 4)

i. Helenvale

Helenvale is a suburb in the northern areas of Port Elizabeth – an area beset with challenges. The area is one of the poorest in the city and needs substantial infrastructure investment to address poverty, unemployment, over-crowding and the accompanying social problems.

Like the rest of the northern areas, Helenvale is a legacy of the apartheid-era Group Areas Act that saw thousands of people uprooted and forcibly displaced from South End, Fairview, Willowdene and other areas. Originally developed to accommodate 6 000 people, Helenvale is now home to approximately 25 000 people, in average house sizes of 25 to 30m². Its compact size has led to over-population and under-development have together created a web of problems such as unemployment, crime, drugs, gangsterism, teenage pregnancy and other concerns that have eroded the social fabric and community cohesion.

Helenvale has four distinct areas, identified as Helenvale Proper, Helenvale Gaat, Barcelona and Extension 12. Investment is the key to effecting positive change that will break the cycle of under-development. National and provincial government invested R78-million over the past five years in Helenvale through the Helenvale Urban Renewal Programme (HURP). This investment focused mainly on physical infrastructure development, with the incumbent skills development and job creation opportunities for the community. A further R50-million has been committed by KfW Bank (German Development Bank) for a Safety and Peace through Urban Upgrading (SPUU) programme that will be implemented by the MBDA after an agreement was signed in 2012/13. The programme will focus on interventions to create a safer Helenvale through physical and social infrastructure projects. The Helenvale community will play a key role in the success of the project. The MBDA adopted a bottom-up, open and transparent process to ensure community involvement in guiding project decisions. In addition, a group of dynamic and capable individuals, committed to acting for change in their community, have been elected to a Programme Advisory Committee to be the voice of the broader community.

Project information

Precinct Phases 1 and 2 (R33-million – NDPG)

This project involved general upgrading of the main streets in Helenvale – widening them, constructing side-walks, improving storm water drainage, and installing street furniture (benches and trees) to improve the aesthetics of the area. This project started in 2010 and was completed in May of the 2012/13 financial year. Two community parks were also constructed in the period under

review. The various parks, road upgrades, trees and other features will be transferred to the relevant NMBM Directorates for on-going operations and maintenance.

Helenvale Resource Centre (R38-million – NDPG)

The original Helenvale Resource Centre (HRC) was insufficient to serve the community's needs for a space for community meetings, social events and recreation. A political decision was taken to demolish the centre and replace it with a state-of-the-art one-stop facility. Construction of the new multi-purpose centre reached 95% completion during the period under review. It houses a large 500-seater hall, which can be used for meetings, events and sport; two 100-seater venues; 13 offices; a five-a-side football field, and caretaker's cottage. The intention is to have government departments and NGOs offer much-needed services to the community from the centre. The MBDA will operate the centre, either directly or through the appointment of an operator.

Other interventions in Helenvale

Safety and Peace through Urban Upgrading (R50-million)

The 48-month SPUU programme, funded by the KfW Bank, will commence in the 2013/14 financial year and will build on the process started by HURP. The NMBM and KfW have signed a financial cooperation agreement, and the Bank has signed an agreement with the MBDA as the project executing agency. The SPUU programme will include the following components:

- Safer Schools
- Public Space and Physical Infrastructure
- Youth Employment
- Domestic Violence Prevention
- Pilot Housing Scheme

Establishment of a Programme Advisory Committee to represent the community is a condition of the KfW funding. The MBDA facilitated a public participation process resulting in the election of a 20-member committee of community representatives, the ward councillor, a community development worker, MBDA social facilitator and a representative of the German Development Agency (GIZ).

MBDA-initiated projects in Helenvale

The MBDA initiated or partnered in several projects targeted at the youth and women in Helenvale during the 2012/13 financial year which yielded significant results for the community. In partnership with the South African Business Coalition on HIV/Aids (SABCOHA) approximately 120 people were trained in business skills, life skills and issues relating to HIV/Aids. Assistance was also provided to the Eyethu Peace Workers to celebrate and recognise the efforts of 30 women who do voluntary street patrolling. A street soccer programme was rolled out in collaboration with the SAPS over March/April 2013 to engage young men who had been fighting and engaging in stone-throwing in the streets of Helenvale. The programme was successful in that it allowed the young men to engage, play, understand and respect one another, and stone-throwing and ad-hoc violence decreased as a result. The SAPS also indicated in their 2012 reports that crime had massively reduced in the Helenvale area since the advent of the various HURP programmes. A workshop was held with the leaders of the various soccer teams (gangs) that dealt with issues of leadership, respect, self-esteem, their potential role in the community and various other topics.

A leadership workshop was held with the PAC to address the issue of leadership in the Helenvale context. A programme to train matriculated youth in information technology and life skills was implemented in partnership with the SEDA ICT Incubator. The 15 most deserving learners were placed at various workplaces for six months until January 2014 to gain practical experience. A training programme with Siya Sebenza, called Work for a Living, was offered to Grade 10-12 youths,

focusing on job-seeking, entrepreneurial, computer and life skills. Of the 35 that completed the training, 20 were placed in workplaces where they may be formally employed.

The Helenvale Cleaning Cooperative (HEMCO), which is fully Helenvale-owned, was awarded a tender to clean out all the illegal dumping sites in Helenvale, to be followed by weekly servicing of the sites for a further two months. Waste is a serious problem in Helenvale, as a direct result of poor municipal Services where waste is collected only every second week. The HEMCO tender created employment for approximately 150 people and the MBDA also entered discussions with the Northern Areas People's Development Initiative (NAPDI) on their Helenvale Recycling Initiative (HERI).

The MBDA also commissioned a "Back to School" study to understand the causes of large numbers of children not attending school in Helenvale. A service provider was appointed to conduct the survey and to train 6 Helenvale residents to assist. The results were expected by the end of July 2013, after which workshops would be convened with stakeholders to determine sustainable solutions.

To address the lack of a comprehensive database of the unemployed in Helenvale, the MBDA commissioned a socio-demographic and unemployment study to serve as a functional database that will be managed by the MBDA to ensure fairness in employment of people from Helenvale on future MBDA and SPUU projects. An NMMU training programme for 20 child and youth workers focused on equipping them to deal effectively with issues relating to children and youth at risk.

The National Department of Environmental Affairs, through the NMBM Environmental Services Directorate, appointed a project implementer (Khusilendalo Consultancy Services) to design and construct a park for the residents of Barcelona. The MBDA played a partnering role to ensure that the project progressed unhindered and that any community concerns were fairly resolved. The park was completed in June 2013 and handed over to the municipal Parks Department.

All recent studies and community perceptions indicate that housing is the biggest challenge in Helenvale. Helenvale Proper and Helenvale Gaat have a combined capacity of housing for 6 000 people, while the actual population is over 15 000. The MBDA is part of the steering committee for the NMBM's Housing Strategy for the area, for which a consultant has been appointed for implementation.

In response to service delivery protests in Helenvale, the NMBM Environmental Health Directorate requested the MBDA to assist the concerned residents to register a co-operative to tender for a waste contract from the municipality. The agency provided once-off assistance of R1 800 for the group to register a co-operative.

ii. New Brighton Township

Considered to be the oldest township in South Africa, the community of New Brighton played a historic role in the struggle against apartheid, and many artists, athletes and professionals hail from this area. New Brighton's rich heritage in politics, arts, culture, music and sport was the key determinant for the MBDA to invest in this area.

In sport, New Brighton has a rich history in rugby in particular, with many former and current prominent players having started their careers there. As a start to medium-term investment in the area, a derelict sports field in Zondi Street was selected for upgrading through a public process. This section of the township lacks proper sport facilities, and the local Stinging Bees Rugby Club cannot play home-games. Upgrading of the field will also assist nearby schools. The MBDA's approximate R2-million investment will see overhauling and grassing of the playing field, building of change-

rooms and spectator stands, and fencing the complex. A Community Steering Committee will assist the MBDA to ensure community participation and benefit from the project.

iii. Veeplaas Township

Situated on the banks of the Chatty River on the northern edge of Port Elizabeth, Veeplaas was demarcated in 1879. Its remote location has led to the community feeling “left behind”, and the ‘*Veeplaas in Action*’ group was established to facilitate development initiatives for the community. The MBDA partnered with this group to uplift the economy of the area. Due to the lack of facilities, the initial assistance provided was a container with office equipment to act as the base from which the group can render assistance and provide services. Development of an informal trading and car wash facility is being investigated.

iv. Walmer Township

Gqebera, commonly known as Walmer Township, was developed to house domestic workers from the nearby suburb of Walmer and is now home to more than 65 000 people. Because of its location, considerably closer to the city than other townships, Gqebera is an easily accessible area. It is nonetheless subject to the same challenges of poverty, unemployment, crime, and associated socio-economic problems as other township areas. Community protest actions over housing and service delivery have flared up in the area over the last two years and an interventionist approach was needed to address the challenges through development.

In addition to projects driven by the NMBM, a steering committee consisting of the ward councillor and representatives of community groups, identified three projects for intervention by the MBDA: cleaning, fencing and upgrading of the historic Gqebera Cemetery; an access road from the Sakhasonke Village housing development to Victoria Drive; and the establishment of a car wash facility closer to Main Road, Walmer. Initial designs for the access road and car wash are currently in progress, while a contractor is on-site revamping the cemetery.

v. Conclusion

The extension of the MBDA’s mandate to township areas has enabled the agency to bring its successful formula of designing and implementing catalytic projects, in close collaboration with stakeholders and affected communities, to some of the city’s most impoverished areas. Good progress has been made in the year under review, with residents already feeling the impact of improved infrastructure and functional community spaces. The MBDA has focused closely on ensuring sustainability of its interventions, through community participation, social facilitation, and creation of employment and business opportunities for people within the areas being upgraded. The intention is that these township renewal projects must have the same socio-economic transformation impact that has resulted from the work in the inner city.

Recent service delivery protests in these communities are a barometer of the frustrations experienced by residents. The work done in these areas by the MBDA has made a significant impact, but more investment by government, the private sector and donors is required to address the myriad of challenges experienced by the poorest of the poor.

3. Operations

The MBDA operations unit was initially established to ensure oversight of a number of essential services linked directly with urban renewal: cleansing, security, and management and regulation of informal trading. By getting the basics right and providing specific key services, the MBDA believes it is enhancing the attractiveness of its mandate areas and stimulating investment and commercial/residential interest to return to these nodes – while concurrently facilitating the development of a world-class African city.

Through the experiences over the past three years in particular, and as certain capital projects were completed, the MBDA also became cognisant that it would need to go beyond just completing its infrastructure upgrades and take a more active role in maintaining and promoting the newly developed areas – the result of which is a burgeoning operations unit within the organisation, which grew significantly in 2012/13.

During the period under review the MBDA excelled in six key operational areas:

- i. Urban cleansing in the inner city areas of Port Elizabeth and Uitenhage;
- ii. Security in the Port Elizabeth inner city;
- iii. Regulation and management of informal trading throughout the Port Elizabeth and Uitenhage central business districts;
- iv. Maintenance of all completed MBDA projects and mandate areas, such as the: Donkin Reserve, informal trading kiosks, paved areas throughout its mandate areas, pissiors, public toilets, road markings, water features, gardens, lawns, escalators, traffic signs and other infrastructure inclusive of public art, where Hope Development Programmes was appointed in September of the 2012/13 period creating five permanent and two temporary jobs on the Donkin Reserve;
- v. Advanced moves towards the establishment of the first Nelson Mandela Bay Special Ratings Area in the Richmond Hill area;
- vi. The completion of a quarterly CBD business/community perceptions survey in the Port Elizabeth and Uitenhage mandate areas; and
- vii. The gradual introduction of recycling initiatives in designated areas through the Go Green initiative.

i. Successes and Challenges

The work the MBDA does has significance on multiple levels, as is the intention, but specifically, it ripples through on both social and economic levels. Not only has infrastructure and capital expenditure generated sustained interest in the mandate areas, but low-cost/high-impact projects have been initiated that touch the lives of NMBM citizens enabling their expanded participation in the local economy.

A case in point is the successes achieved with informal traders in Port Elizabeth and Uitenhage, particularly over the 2012/13 financial year when the MBDA continued to provide services from 12 kiosks for 72 traders in Port Elizabeth and 70 trolleys serving 70 traders in the Uitenhage CBD. The continued MBDA support has assisted the traders to establish viable micro-enterprises in the city and town centres and ensuring they become economically active within their locales. As part of an engagement and operational test phase, informal traders were also given the space to experiment with what works best for their operations and to assess various markets before committing to designated space. One trader, during the 2012/13 financial year, successfully attracted Cacadu Municipality and the NMBM as clients and is now catering for them. The kiosks provide informal traders with space to trade from, saving them storage and transport costs and also providing traders

with water, electrical points and refuse disposal areas. In effect the kiosks have operationalised their enterprises, ensuring better quality services and products to the public. The MBDA also, over the 2012/13 period, continued to issue trading permits – a move that maintains harmony between formal businesses and the informal traders in the two CBD areas.

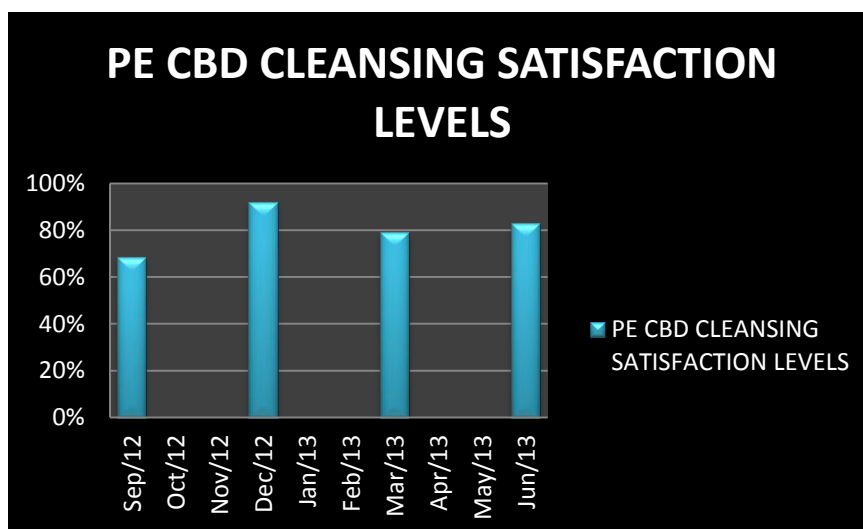
In general the MBDA, during 2012/13, established good working relationships with strategic stakeholders and role-players on a range of projects while simultaneously building the MBDA brand image through timeous and quality service delivery. The operations services offered by the organisation made a positive impact on traders, businesses and the greater public. One of the outcomes has been that other cities are now looking at the MBDA as an example of best practice for urban renewal and are lobbying the organisation to share information and tried and tested routes to achieving renewal goals for their development.

ii. Key Projects & Performance

The 2012/13 financial year saw the initiation and implementation of a growing number of operational services in the mandate area. The main focal areas were cleansing and security plans as well as a maintenance projects.

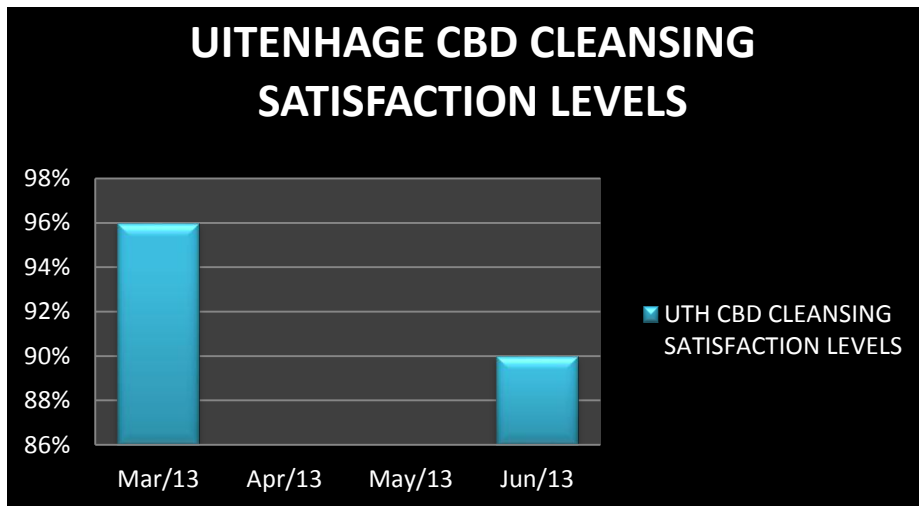
Cleansing Plan Project

The Port Elizabeth inner city cleansing plan – an on-going project – was implemented to the value of R2.3-million. This saw the continuous delivery of cleaning services throughout the inner city, and includes street sweeping, refuse management, poster removal and weed removal. Project targets were met in terms of spending and the impact it had to the environment. The result was a steady, but generally positive increase in local residents' and businesses' confidence in the area and its aesthetics, as shown in the outcomes of the MBDA quarterly perception surveys in the area.



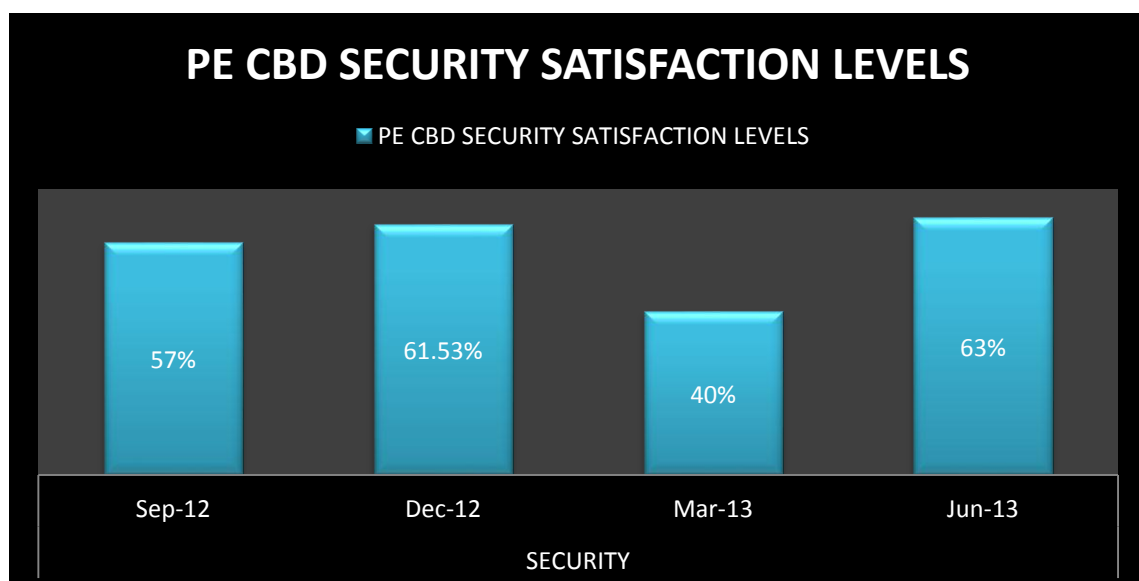
The Uitenhage inner city cleaning plan – a project started in 2008 prior to 2012/13 financial year – was implemented to the value of R1.5-million. All project targets were met and the outcomes have been particularly significant, with residents and business commenting through the quarterly perception surveys that the cleansing services are markedly positive for the area. The below

indicates the results of the two surveys performed over the financial year representing 93% and 90% satisfaction with the service over the final two quarters of the year.

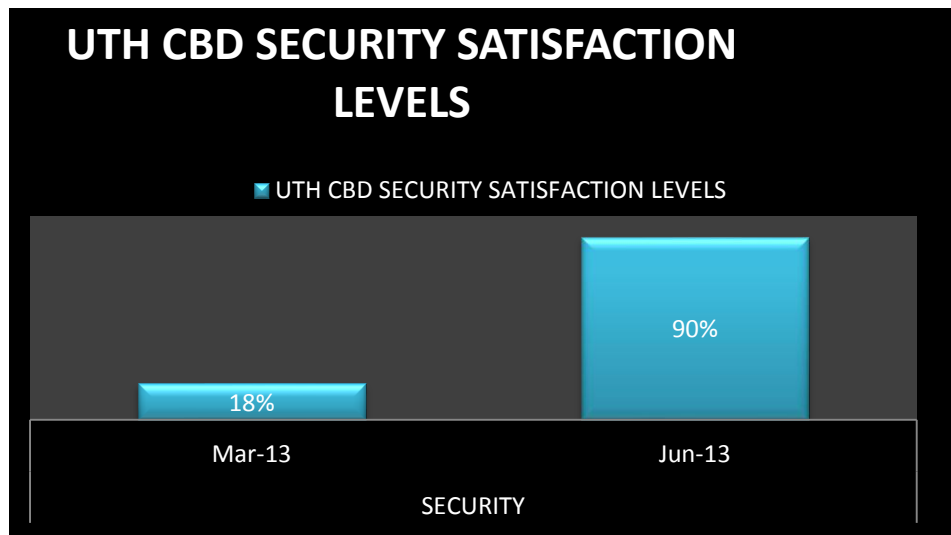


Security Plan

The Port Elizabeth inner city benefited from a limited security plan to enhance confidence and a sense of safety in an area that is traditionally perceived to be very dangerous. Over the 2012/13 financial year a total of R1.2-million was spent on private security services. The results show positive trends in the city and all security targets were met, within limited scope and budget. The challenge in Port Elizabeth is twofold: inadequate budget and wide geographic area. These obstacles did limit security service delivery; however the 2012/13 perception survey indicates an opposite trend with businesses and residents indicating that in general there is steady and growing satisfaction with the security services in place. Still the MBDA acknowledges the deficiency and will move to mitigate this in the new year. With greater funding allocations in this regard, safety could be further enhanced in this key node.



In Uitenhage, there is no direct MBDA sanctioned security service in place, but the agency works closely and is assisted by the SAPS. The below graph outlines the Uitenhage CBD public perception of security based on the results of the upgrade.



Maintenance Expenses

The MBDA spent R1.5-million on maintaining areas within the organisation's mandate areas, including the Donkin Reserve, the Port Elizabeth CBD and Uitenhage CBDs, Kings Beach, and CBD toilet facilities. All maintenance targets were met within time and following stringent supply chain processes.

4. Marketing

The MBDA has over the past seven years implemented a subtle marketing strategy, with focus centred more wholly on the company's successful implementation of an urban renewal infrastructure master plan – drawing the public's attention to the emergence of a growing urban renewal picture.

A number of highlights over the 2012/13 period include the Urban Run, which involved the people of the city in an activity that provides participants with an opportunity to engage with space and place – particularly the Central area, the vicinity of the MBDA's inner-city renewal project.

The MBDA successfully managed to create increased public awareness surrounding urban renewal through the general interest in the impact the MBDA's projects have on the lives of the people in Nelson Mandela Bay. The work of the MBDA is visible for all to see, and this visibility has shaped the company's marketing approach, steering away from the traditional above-the-line advertising and adopting a more public relations and stakeholder engagement-led approach. This approach capitalises on the impact that the MBDA's projects has had on its key stakeholders, using the attractive visibility of the variety of art inspired infrastructural upgrades to create the hype.

However, the objective remains to grow the real estate investment and tourism base of the city, with the MBDA's urban renewal programme as the driving force. In this financial year, the MBDA prioritised the appointment of a marketing and communications manager, who was appointed as of July 1, 2013. The MBDA acknowledges the need to adopt a comprehensive marketing strategy that will not only highlight the successful implementation of key projects, but assist in profiling the developmental work of the MBDA on a global level with the intention of attracting investment to the city.

The MBDA believes that urban renewal is not only about security, cleaning and infrastructure implementation, but also about socio-cultural initiatives and the resulting growth in pride, real estate confidence, art, heritage and sport in our city. One of the avenues to achieve this is through staging events with the objective of showcasing the city and its many attributes.

The MBDA also put plans in place during 2012/13 financial year to raise the profile of the creative precincts around Donkin, Athenaeum, and Bird Street over the National Arts Festival (NAF). Plans included a R200 000 partnership with NAF to sponsor the closing concert of the Grahamstown NAF. Sponsorship funding was also put aside for 60 young violinists to attend an exchange programme over the NAF; support for the Samsung Diamond concert at the Athenaeum; and a month-long programme of events at the Athenaeum which would culminate in a fashion and craft event showcasing the work of 20 local crafters. The MBDA also assisted with the promotion of Arts Journey and emergent NAF fringe activities in the city in the Art Times publication in June 2013.

Also featuring on the stakeholder and marketing activities of the 2012/13 financial year were a number of round table discussions facilitated by the MBDA with the city's choral sector to assist with fundraising initiatives. This resulted in an integrated meeting with almost all of the sector representatives. A funding application was prepared as an outcome. Similarly the MBDA facilitated round table discussions with the visual and performing arts community to enable an integrated conversation to drive funding and support.

The activities hosted and sponsored by the MBDA for the 2012/13 financial year include:

EVENT/ACTIVITY	SUMMARY
MBDA Route 67 Tours	The MBDA appointed an external consultant who facilitated Route 67 tours for 600 school kids from around Nelson Mandela Bay who have never experienced walking the route. Also included in the tours were ten representatives from each of the city's 60 wards. Part of the programme included an educational aspect, where the groups were briefed on the MBDA's background, projects and objectives. The group were given an opportunity to provide feedback on what the MBDA can improve on when it comes to inner-city renewal.
MBDA Strategic Marketing Workshop	The MBDA hosted a strategic marketing workshop with attendees from various of its stakeholder groups, as well as marketing experts from other cities. The workshop was a successful information and experience sharing session, and raised the profile of the MBDA as a company that embraces innovation and creativity.
Urban run	The MBDA is the proud sponsor of the annual Urban Run – a 10km race around the inner city – taking place at the Donkin Reserve. This event grew from 600 entrants in the previous financial year to 1 200 entrants in the 2012/13 financial year. The MBDA will again host the Urban Run this year.
Bird Street bash	The MBDA hosted a celebratory bash to mark the commencement of the upgrade to Bird Street/Belmont Terrace. The gathering was also used by the MBDA as a platform to interact with the community and stakeholders, informing them of the new development.
Woman of substance workshop	This workshop was hosted by two esteemed women from the city – Dr. Bridgette Gasa and Michelle Brown – as an investment by the MBDA in the development of women.
Breast cancer awareness month – Donkin flag goes pink	In support of Breast Cancer Awareness month in October last year, the MBDA hoisted a pink flag together with the South African flag on the Donkin Reserve.
Nelson Mandela Bay IRB Sevens	The MBDA played a key role in ensuring the success of the Nelson Mandela Bay IRB Sevens tournament. The city plays host to this international rugby festival until 2014.
Baakens/Port Forum	At a forum session the MBDA hosted, a strategic conversation was facilitated regarding the Baakens and Port precinct.
Statue of liberation forum	The MBDA made progress in facilitating conversation surrounding a political piece of public art for the city through a strategic forum session. This approach forms part of the public participation process, in line with the NMBM's integrated development plan guidelines of engaging with the community on their input toward projects affecting them in their areas.
Downhill Dash 2013	The MBDA again endorsed the Donkin Downhill Dash event after its growing success. The second MBDA Donkin Downhill Dash event aims to create a safe and controlled environment for downhill skateboarding to become an accessible and formal sporting industry in Nelson Mandela Bay, as well as showcasing the city's incredible arts and tourism offering. The development of the path – a multimedia artwork that represents the line of voters queuing for the first democratic elections in South Africa in 1994 and symbolic crosses litter the path representing people's votes – has seen growing interest around the Donkin. The small group of downhill, longboard skateboarders have been enjoying the gentle slopes and challenging curves of the snaking path from the lighthouse to the bottom of the Donkin Reserve

at Chapel Street. Their aim is to have fun, enjoy and engage with their city and build friendships with like-minded sportspeople.

Section 04: Organisational Development Performance

The MBDA is measured against five central key performance areas which gauge the entity's successes and ability to meet pre-established targets and deadlines. The five main performance indicators centre on the following areas:

1. KPA 1: Basic Service Delivery and Infrastructure Development
2. KPA 2: Municipal Transformation and Organisational Development
3. KPA 3: Local Economic Development
4. KPA 4 : Municipal Financial Viability and Management
5. KPA 5: Good Governance and Public Participation

A number of these items have sub-indicators for performance measurement and include project-level outputs such as Helenvale Urban Renewal Programme (HURP); service delivery integration; cleansing services (Central Business Districts, Central and Uitenhage); facilitating public capital projects; human resources transformation; job creation and Expanded Public Work Programme (EPWP); budgeting and financial accounting; risk management; and internal controls. The following section outlines the organisation's performance against these indicators.

1. Targets vs. Actual

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
KPA 1: Basic Service Delivery and Infrastructure Development									
1.1 Helenvale Urban Renewal Programme (HURP)									
Number of Multipurpose Community Centres constructed	1 (Helenvale)	15% Construction Completed	50% Construction Completed	30% Construction Completed	50% Construction Completed	50% Construction Completed	75% construction completed	1 (Helenvale)	95.00%
QTR ENDING JUNE 2013 - ANALYSIS 95% of the project has been completed which comprises of the following: Masonry walls completed; roof construction completed; roof covering 99% complete; electrical installation 85% complete; plumbing 98% complete; painting 70% complete; stormwater 98% complete; roads, parking and landscaping 80% complete; aluminium and glazing 90% complete; community plain concrete and landscaping 98% complete. The reasons for not meeting the target by 30 June 2013 is due to delay as a result of rain, labour unrest and late-delivery of certain material i.e. floor paint, metal work, stage curtain, as well as repair to areas damaged by vandals and normal snagging (repairs pre-empted in the contract process as a result of changes requested). All relevant materials required to complete the project has been received by year end and snagging has started for areas that need remedial work. The project is expected to be completed on 31 August 2013; thereafter a snagging process of 30 days will be implemented before a final certificate of completion will be issued.									
% Completion of Helenvale Precinct Phase 2 (Kobus Road Leith Street Baaitjies Street and Deverill Road)	100.00%	25.00%	0.00%	50.00%	0.00%	75.00%	94.00%	100.00%	100.00%
QTR ENDING JUNE 2013 - ANALYSIS The following works have been completed in respect of the upgrading and betterment of the Helenvale Precinct Phase 2 Project: Road works, walkways and paving, clear and grub parks, clear and grub verges, planting of trees, grassing, concrete verges, concrete kerbing, electrical cabling, installation of streetlights, paving, erection of concrete benching and brick retaining walls.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
Number of community parks constructed	2.00	Project designs completed	Project designs & 40% construction completed	Construction commenced	65% construction completed	75% construction completed	97% Construction Completed	2.00	2.00
QTR ENDING JUNE 2013 - ANALYSIS The following works have been completed in respect of the upgrading and betterment of the Helenvale Precinct Phase 2 Project: Road works, walkways and paving, clear and grub parks, clear and grub verges, planting of trees, grassing, concrete verges, concrete kerbing, electrical cabling, installation of streetlights, paving, erection of concrete benching and brick retaining walls. Two community parks have been constructed in Helenvale. The verification process by an independent auditor has commenced and is envisaged to be completed by 26 July 2013. On completion of the verification, an asset register and final audit report will be sent to the National Department of Environmental Affairs and confirmed with the Nelson Mandela Bay Municipality's Parks Department where after a final completion certificate will be issued to the Municipality.									
Concluding agreements between the Nelson Mandela Bay Municipality and KfW	2 by December 2012	Financing agreement between NMBM and KfW concluded	Financing agreement between NMBM and KfW concluded	Separate agreement between NMBM and KfW concluded	Separate agreement between NMBM and KfW concluded				

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
1.2 Service Delivery Integration									
Concluding a 3 year Service Delivery Agreement (SDA) between NMBM and MBDA	By December 2012	Service Delivery Agreement drafted	Target not met	Service Delivery Agreement concluded	Target not met		Target not met		Target not met
QTR ENDING JUNE 2013 - ANALYSIS This matter has been escalated to the Acting Executive Director EDTA by the NMBM Legal services department and it is anticipated that the Service Delivery Agreement will be signed in July 2013.									
1.3 Cleansing services (Central Business Districts, Central and Uitenhage)									
Percentage satisfaction with cleansing services in Port Elizabeth and Uitenhage Central Business District	80% satisfaction by June 2013	Terms of reference drafted	Request for Proposal Drafted	Service provider appointed	Target not met	Survey conducted	Survey conducted	80% satisfaction by June 2013	Target not met
QTR ENDING JUNE 2013 - ANALYSIS The focus of this indicator was to appoint a service provider to undertake an independent survey on the level of satisfaction with cleansing services in Port Elizabeth and Uitenhage Central Business Districts. However, this was not achieved due to budget cuts which led to a re-prioritisation of the budget line item as a result of revised mandate requirements. An internal survey was however conducted by the MBDA and yielded the following results: Port Elizabeth Central Business District (83% satisfaction), Uitenhage Central Business District (90% satisfaction). A service provider was appointed in April 2013 to conduct an Economic and Social Impact Assessments within the MBDA mandate areas which will also seek to determine the level of satisfaction with cleansing services in these areas.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
1.4 Facilitating public capital projects									
Percentage satisfaction with security services in Port Elizabeth Central Business District	60% satisfaction by June 2013	Terms of reference drafted	Request for Proposal Drafted	Service provider appointed	Target not met	Survey conducted	Survey conducted	60% satisfaction by June 2013	Target not met
QTR ENDING JUNE 2013 - ANALYSIS The focus of this indicator was to appoint a service provider to undertake an independent survey on the level of satisfaction with cleansing services in Port Elizabeth and Uitenhage Central Business Districts. However, this was not achieved due to budget cuts which led to a re-prioritisation of the budget line item as a result of revised mandate requirements. An internal survey was however conducted by the MBDA and yielded the following results: Port Elizabeth Central Business District (83% satisfaction), Uitenhage Central Business District (90% satisfaction). A service provider was appointed in April 2013 to conduct an Economic and Social Impact Assessments within the MBDA mandate areas which will also seek to determine the level of satisfaction with cleansing services in these areas.									
Percentage completion of inner city renewal capital development projects (King's Beach Southern Beachfront Redevelopment Phase 2)	50.00%	10.00%	17.78%	25%	0.3	40%	76.87% completed	50%	83.93%
QTR ENDING JUNE 2013 - ANALYSIS This project is divided into phase 2A and 2B. Phase 2A comprises of the park stage, refurbishment of existing swimming pools, signage, refurbishment of the existing ablution block, adventure play and trims park, soft landscaping and rock features. All the above deliverables have been completed. Phase 2B includes a skate park, upgrading of the basketball court, parking and walkways, landscaping - parking and walkways, irrigation - parking and walkways, Boardwalk over dunes, wetland and stormwater earthworks and planting, electrical lighting, dune erosion control, signage, dustbins, recondition of Happy Valley pump, maintenance on soft landscaping and fountain artwork. 67.85% of the deliverables in phase 2B is completed. The smooth implementation of the project can be attributed to constant monitoring and oversight of the project through regular site meetings.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
Percentage completion of inner city renewal capital development projects (Belmont Terrace and Bird Street Phase 2 Environmental Upgrade)	50%	10%	0.13	25%	0.3324	40%	0.45	50%	60.00%
QTR ENDING JUNE 2013 - ANALYSIS The 60% completion constitutes the following: 1. Belmont Terrace section from Whites Road to the start of Military Road with the exclusion of the turning circle - 60% 2. The intersection of Prospect Hill into Belmont Terrace up to and ending at the raised intersection - 50% 3. The intersection of Castle Hill Street into Belmont Terrace up to the end of the Athenaeum site - 90%. 4. The Trinder Square both side roads from Western Road up to the Bird Street intersection - 40% 5. A portion of Bird Street starting at the Belmont Terrace intersection - 75%. The outstanding performance is as result of regular site meetings to monitor the progress of project implementation.									
Percentage completion of inner city renewal capital development projects (Red Location Singapi and Olaf Palmer St Upgrade)	50%	10%	0%	25%	0%	40%	0%	50%	0%
QTR ENDING JUNE 2013 - ANALYSIS The underperformance against this key performance indicator is due to the delay experienced in the site preparation in the first quarter. The project required the installation of a stormwater drainage system as well as the relocation of some households in the area. A Request For Proposal (RFP) in respect of the design for the project was advertised on 14 November 2012. The closing date for the tender was extended from Friday 14 December 2012 to Friday 18 January 2013 due to a decision that was still pending from the Nelson Mandela Bay Municipality as to whether the portion of work previously commissioned by the Nelson Mandela Bay Municipality for Singaphi Road will form part of the scope of work of the MBDA tender or not. A contractor was appointed on 15 March 2013. The project is currently in the public participation phase. The project is expected to be completed during the 2013/2014 financial year.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
Percentage completion of inner city renewal capital development projects (Tramways Building Redevelopment completed)	75%	20%	Target not met	40%	Target not met	55%	5% completed	75%	20.00%
QTR ENDING JUNE 2013 - ANALYSIS The underperformance against this target is due to delays experienced in sourcing a professional architect to assist with the designs and the subsequent involvement by the Eastern Cape Institute of Architects in respect of the appointment of a professional architect for the project during the first quarter. Professional consultants were appointed in the first quarter and the project designs have been finalised. A construction tender was advertised on 19 November 2012 and closed on 21 December 2012. A contractor was appointed 22 January 2013. Demolition work has commenced and is being fast tracked. The Tramways Building Redevelopment is expected to be completed in the 2013/2014 financial year.									
Percentage completion of inner city renewal capital development projects (100% Completion of Veeplaas Informal Trading Area Upgrade)	100% Completion of Veeplaas Informal Trading Area Upgrade	Consultant appointed	Consultant appointed	Construction tender advertised	Target not met	Contractor appointed and work commenced	Target not met	100% Completion of Veeplaas Informal Trading Area Upgrade	0%
QTR ENDING JUNE 2013 - ANALYSIS The underperformance against this key performance indicator is as a result of the lengthy Community Development Forum meetings during the first quarter. A meeting was held on 19 October 2012 to prioritise which projects to proceed with. The Design and architectural services Tender was advertised and a service provider was appointed on 15 February 2013. It has also been discovered that the site selected forms part of the IPTS route and therefore a new site or project will need to be identified. As a result, this project was placed on hold pending the identification of a new site. The MBDA has alternatively engaged with the Nelson Mandela Bay Municipality to transfer two grey buildings to either redevelop or create an operational space for intended purposes.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
Percentage completion of inner city renewal capital development projects (100% Completion of Walmer Township Heritage project Phase 1)	100% Completion of Walmer Township Heritage project Phase 1	Community Stakeholder Meeting held	Consultant appointed	Consultant appointed	Consultant appointed	Contractor appointed and work commenced	Target not met	100% Completion of Walmer Township Heritage project Phase 1	75%
QTR ENDING JUNE 2013 - ANALYSIS Work on the Gqebera Cemetery is 75% complete. The underperformance against this target was due to the prolonged engagement processes with the community. A community meeting was held on 27 February 2013. There has been an agreement among the community members on the location of the carwash, which is part of this project. The access road to Sakasonke village is at design phase and tenders have been received for construction which still has to be evaluated and adjudicated.									
Percentage completion of inner city renewal capital development projects (100% Completion of Strand Street Fountain Rehabilitation)	100% Completion of Strand Street Fountain rehabilitation	Consultant appointed	Consultant appointed	Construction tender advertised	Target not met	Contractor appointed and work commenced	Target not met	100% Completion of Strand Street Fountain rehabilitation	0%
QTR ENDING JUNE 2013 - ANALYSIS The underperformance against this key performance indicator is largely due the prolonged community engagement on whether to include an ablution block. The tender has been advertised and the results are still to be evaluated and adjudicated. It is envisaged that a contractor will be appointed during the 2013/14 financial to commence with the project.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
Percentage completion of inner city renewal capital development projects (100% completion of redevelopment of Donkin Phase 4)	100% completion of redevelopment of Donkin Phase 4	25% of Donkin Phase 4 Redevelopment completed	25% of Donkin Phase 4 Redevelopment completed	50% of Donkin Phase 4 Redevelopment completed	50% of Donkin Phase 4 Redevelopment completed	75% of Donkin Phase 4 Redevelopment completed	75% of Donkin Phase 4 Redevelopment completed	100% completion of redevelopment of Donkin Phase 4	85%
QTR ENDING JUNE 2013 - ANALYSIS The underperformance against this target is due to a 7 month delay by the contractor. It is envisaged that this target will be met on 31 August 2013. Actual = 85% completed.									
Percentage completion of inner city renewal capital development projects (100% Completion of New Brighton Sports Field Upgrade)	100% Completion of New Brighton Sports Field Upgrade	Consultant appointed	Consultant appointed	Construction tender advertised	Construction tender advertised	Contractor appointed and work commenced	Target not met	100% Completion of New Brighton Sports Field Upgrade	25%
QTR ENDING JUNE 2013 - ANALYSIS The underperformance in respect of this key performance indicator is due to the delay in the appointment of a contractor. A contractor was only appointed in May 2013. In addition, there were time delays due to cashflow challenges experienced by the contractor. The cashflow challenge is however being addressed. The project is 25% complete.									
Percentage Completion of Design Masterplans (50% Completion of Western Road Precinct Design Masterplan)	50% Completion of Western Road Precinct Design Masterplan	Request For Proposal drafted	Target not met	Request For Proposal advertised	Target not met	Design consultant appointed	Target not met	50% Completion of Western Road Precinct Design Masterplan	0%
QTR ENDING JUNE 2013 - ANALYSIS The underperformance in respect of this key performance indicator is due to lack of budget allocation. The project has since been terminated.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
Percentage Completion of Design Masterplans (50% Completion of Rink Street/ Art Museum Design Masterplan)	50% Completion of Rink Street/ Art Museum Design Masterplan	Request For Proposal drafted	Target not met	Request For Proposal advertised	Target not met	Design consultant appointed	Target not met	50% Completion of Rink Street/ Art Museum Design Masterplan	0%
QTR ENDING JUNE 2013 - ANALYSIS									
The underperformance in respect of this key performance indicator is due to lack of budget allocation. The project has since been terminated.									
Percentage Completion of Design Masterplans (50% Completion of Vuyisile Mini Square Design Masterplan)	50% Completion of Vuyisile Mini Square Design Masterplan	Request For Proposal drafted	Target not met	Request For Proposal advertised	Target not met	Design consultant appointed	Target not met	50% Completion of Vuyisile Mini Square Design Masterplan	0%
QTR ENDING JUNE 2013 - ANALYSIS									
The underperformance in respect of this key performance indicator is due to lack of budget allocation. The project has since been terminated.									

KPA 2: Municipal Transformation and Organisational Development									
2.1 Human Resources Transformation									
Number of officials trained in National Treasury minimum competencies in line with set regulations (Government Gazette number 29967)	4.00	1.00	0.00	2.00	1.00	3.00	1.00	4.00	1.00
QTR ENDING JUNE 2013 - ANALYSIS									
The underperformance against this key performance indicator is due to time constraints. Officials were not able to attend monthly classes due to other competing priorities. An action plan is being formulated in order to complete the remaining required modules by June 2014.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
Submission of performance reports indicating performance gaps and improvements	MBDA performance information populated and approved within 10 working days following the end of the quarter	2011/12 MBDA Q4 performance information populated and approved on Integral Scorecard by 13/07/2012	2011/12 MBDA Q4 performance information populated and approved on Integral Scorecard by 13/07/2012	2012/13 MBDA 1st quarter performance information populated and approved on Integral Scorecard by 12/10/2012 and 2012/13 MBDA 2nd quarter performance information populated and approved on Integral Scorecard by 31/12/2012	2012/13 MBDA 1st quarter performance information populated and approved on Integral Scorecard by 12/10/2012 and 2012/13 MBDA 2nd quarter performance information populated and approved on Integral Scorecard by 31/12/2012	All final performance information and portfolio of evidence for the 2nd quarter populated and approved Integral Scorecard	All final performance information and portfolio of evidence for the 2nd quarter populated and approved Integral Scorecard	2012/13 MBDA 3rd quarter performance information populated and approved on Integral Scorecard by 14/04/2013	2012/13 MBDA 3rd quarter performance information populated and approved on Integral Scorecard by 14/04/2013
QTR ENDING JUNE 2013 - ANALYSIS Target achieved.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
Roll out of performance management (down to Salary Grade 12)	By June 2013	CEO's Performance Agreement concluded & directors performance plans in place	CEO's Performance Agreement concluded & directors performance plans in place	Performance plans above salary grade 12 in place	Performance plans above salary grade 12 in place	Grade 12 performance plans in place and 2012/13 mid-term assessments done with direct reportees	Grade 12 performance plans in place and mid-term assessments done with direct reportees	2012/13 3rd quarter assessment / review done with direct reportees	Target not met
QTR ENDING JUNE 2013 - ANALYSIS Annual Performance reviews are done in July of each year. Performance appraisals of senior managers will be conducted on 09/07/2013 and 22/07/2013. The CEO's performance appraisal will be conducted by the HR/Remuneration Committee on 11/07/2013.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
KPA 3: Local Economic Development									
3.1 Job creation and Expanded Public Work Programme (EPWP)									
Number of Full Time Equivalent (FTE) jobs to be created	150.00	20.00	24.00	60.00	40.00	80.00	60.00	150.00	80.00
QTR ENDING JUNE 2013 - ANALYSIS EPWP report as at 30 June 2013 = 80 (24+16+20+20). This is a preliminary report as EPWP is still busy capturing data									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
KPA 4 : Municipal Financial Viability and Management									
4.1 Budgeting and financial accounting									
% of the directorate's capital budget spent on capital projects identified as per the IDP	95.00%	12.00%	8.90%	32.00%	18.00%	46.00%	46.00%	95.00%	67.00%
QTR ENDING JUNE 2013 - ANALYSIS The underperformance is due to the following reasons: 1. Various projects have been delayed during the year and will be rolled over to the 2013/14 financial period. 2. Donkin Phase 4 - there are capacity problems with the SMME and this is being closely monitored. 3. Redevelopment of Tramways Building project span is 18-24 months. Expenditure is expected to increase rapidly in the 2013/14 financial year.									
% of directorate training budget spent on implementing its Directorate Workplace Skills Plan	95.00%	25.00%	12.00%	50.00%	15.00%	75.00%	60.00%	95.00%	98.00%
QTR ENDING JUNE 2013 - ANALYSIS Target achieved.									

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
KPA 5: Good Governance and Public Participation									
5.1 Risk management									
Number of Directorate Risk Management Reports submitted to the Municipal Manager	4.00	1.00	1.00	2.00	2.00	3.00	3.00	4.00	4.00
5.2 Internal Controls									
Turnaround time from the request for additional performance information from Internal Audit to the Directorate's response	days5.00	Days 5.00	Days 0.00	Days 5.00	Days 2.00	Days 5.00	Days 2.00	Days 5.00	N/A
QTR ENDING JUNE 2013 - ANALYSIS									
No requests were received for the 4th quarter									
Turnaround time from the request for additional information from the Auditor General to the Directorate's response	days5.00	Days 5.00	Days 2.00	Days 5.00	days0.00	Days 5.00	Days 0.00	Days 5.00	N/A
QTR ENDING JUNE 2013 - ANALYSIS									
No additional requests were received for the 4th quarter									
% reduction on directorate recurring items by the Auditor General's Office	50% reduction by March 2013	Compliant 2011/2012 performance info submitted by 31/07/2012	Compliant 2011/2012 performance info submitted by 31/07/2012	2011/2012 Audit Report received from Auditor General	2011/2012 Audit Report received from Auditor General	50% reduction by March 2013	50% reduction by March 2013		

KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	QTR ENDING 30 SEPT 12 - TARGET	QTR ENDING 30 SEPT 12 - ACTUAL	QTR ENDING 31 DEC 12 - TARGET	QTR ENDING 31 DEC 12 - ACTUAL	QTR ENDING 31 MAR 2013 - TARGET	QTR ENDING 31 MAR 2013 - ACTUAL	QTR ENDING 31 JUNE 2013 - TARGET	QTR ENDING 31 JUNE 2013 - ACTUAL
Receipt of unqualified Audit Report from the Auditor-General	Unqualified audit report by December 2012	Compliant performance information submitted by 31 July 2012	Compliant performance information submitted by 31 July 2012	Unqualified Audit Report received	Unqualified Audit Report received		Unqualified audit report by December 2012		

2. Human resources

During the 2012/13 period the staff complement grew by five people, indicating a parallel growth in the organisation and its projects. The MBDA's staff component as at 30 June 2013 and as per employment equity principles is reflected as follows:

RACE

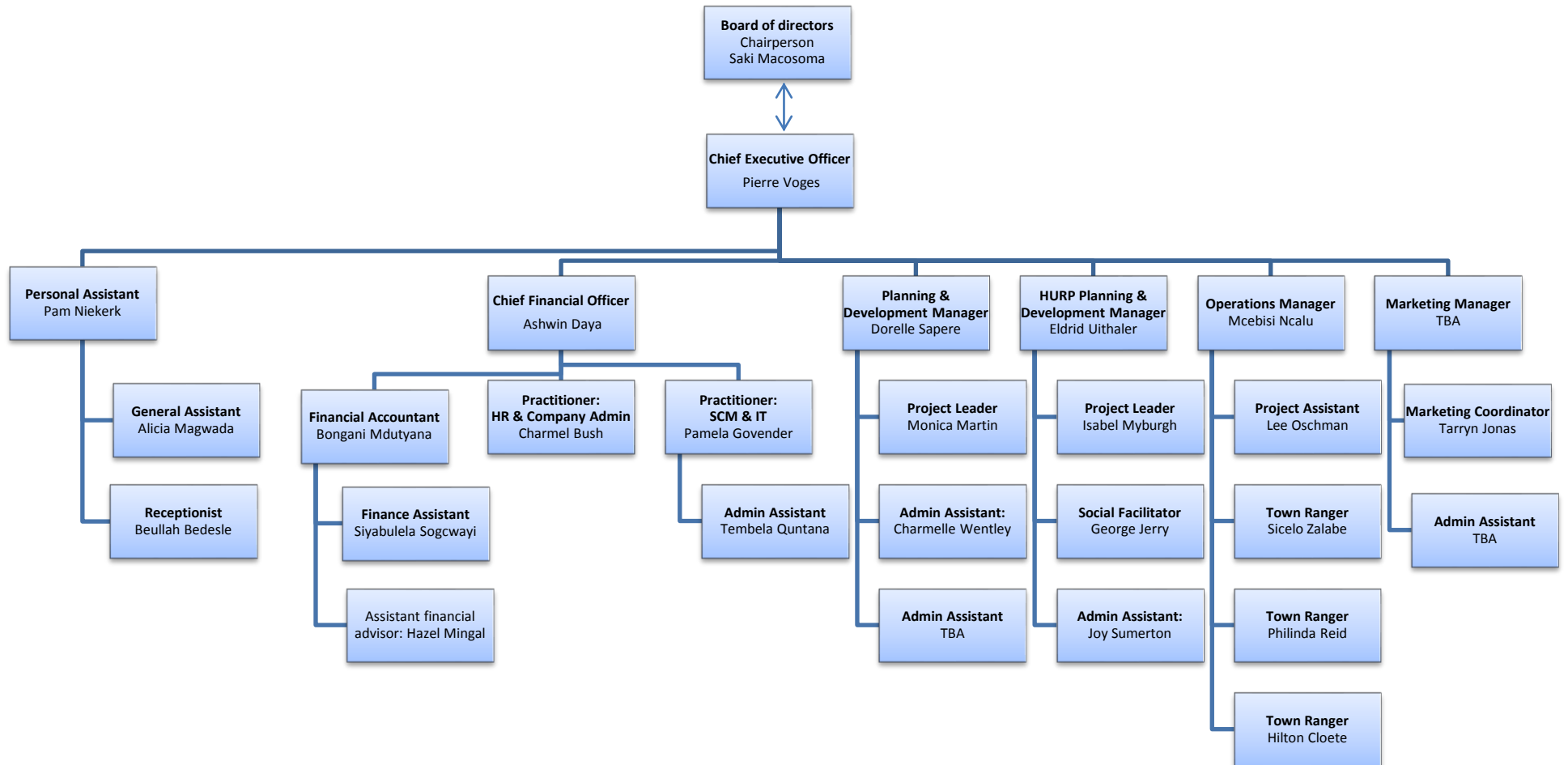
LEVEL	BLACK	WHITE	COLOURED	INDIAN	TOTAL
Management	1	2	1	1	5
Professional	3	1	2	1	6
Administration	5	1	6		13
TOTAL	8	4	9	2	24

GENDER

LEVEL	MALE	FEMALE	TOTAL
Management	4	1	5
Professional	2	5	7
Administration	4	8	12
TOTAL	9	14	24

Organisational structure

The MBDA staff organogram as at 30 June 2013 is reflected in the following diagram.



3. Financial overview – budget implementation

4. Impact on community – Economic barometer review

Past performance is the best predictor of future success. Critical to the MBDA's future success is the measurement of the actual impact of its work in terms of achieving the desired socio-economic outcomes of improved living and business environments, public and investor confidence, and increased actual private sector investment. In order to quantify the impact of its projects, the MBDA commissioned an economic survey information system, based on a set of identified key indicators. The data is updated annually since 2009 through business and residential surveys conducted in the mandate area.

The latest Economic Barometer reviewing the survey results was released in February 2012. It added to baseline data already collected on the Govan Mbeki phase 1 and Parliament Street upgrades, and measured the impact of more recent projects that had not yet been assessed – Donkin Reserve, Strand Street, King's Beach and Uitenhage Market Square.

i. Business and Residential Surveys

Central and the CBD

The survey of Central and the CBD focused on the impact of projects on the Donkin Reserve, Govan Mbeki Avenue, Parliament Street and Strand Street. As this was the third annual survey of the area, it was possible to identify development trends in Central.

The MBDA mandate area here is characterised by a mix of commercial and residential properties, with commercial activity mainly in Govan Mbeki Avenue, Strand Street, Parliament Street and Rink Street, while residential areas are clustered in Clyde, Havelock, Pearson and Bird Streets. Government, community and business services, make up just more than half of the economic activity in the area. The area contributes 1.5% of the GGP of Nelson Mandela Bay, and its economic growth slightly outstripped that of the city over the period 2001-2010. While 10% of the population is unemployed, 15% of the employed population are in highly-skilled occupations.

Business diversity in the area remained largely unchanged in the latest survey, though a decline in businesses in the professional services category was a cause for concern. Although business performance was slightly weaker, half the businesses surveyed had hired additional staff, noting a demand-led growth. Increased employment coupled with fewer businesses recording a drop in turnover, led to an overall improvement in business sentiment in Central, with increased numbers indicating improvements in perceived property values.

Average rental rates made a significant year-on-year increase of 52.8%, although the average of R117/m² was in line with the historical average of R107.31/m². Businesses making improvements to their properties declined, and just 10% said the improvements made were as a result of the MBDA's upgrading projects.

However, residential sentiment was notably more positive, with more than half indicating that they spent more time in Parliament Street and Govan Mbeki Avenue and 41% spending more money in

the area since the upgrades. Residents and businesses both noted significant improvements in lighting, management of informal traders and cleaning since the upgrades. However, two-thirds of respondents indicated that the absence of permanent security patrols had impacted negatively on crime levels.

Although businesses and residents continued to be very positive about aesthetic and functional improvements in Govan Mbeki Avenue and Parliament Street, it is concerning that business continues to view the changes negatively in terms of impact on parking availability and deliveries.

North End

The North End survey sought to measure the impact on business investment of development of the NMB Stadium and surrounding precinct. North End is predominantly an industrial area, featuring warehouses, light industries and business enterprises mainly in vehicle sales and service, and electronics. There is a small middle- to low-income residential component, mainly around the NMB Stadium in the suburb of Kensington.

Transport, communication and government services are the dominant economic sectors. North End showed a positive GGP growth rate of 1.9% between 2001 and 2010, and employment levels are high at 50%, with 11.7% in highly skilled occupations.

North End businesses and residents were highly confident in the MBDA and its projects in the area, with a 72% confidence rating. A little more than a third of businesses had made improvements to their premises in the last few years, half of those directly or partially as a result of the NMB Stadium development. Overall sentiment from both business and residents was, however, mixed. Even though 47% of businesses felt that commercial property values had risen following construction of the stadium, only 30% were planning to improve their premises. Small numbers of residents indicated that they spent more time and more money in the area since the stadium development, 20% and 15% respectively. Both businesses and residents were positive about environmental issues of improved lighting and reduced noise levels, but remained negative about crime levels.

King's Beach

King's Beach is one of the city's prime recreational and tourism nodes. It is primarily a middle- to upper-income residential area, with 80% of business activity focused on accommodation, restaurants and entertainment. Household income levels are 2.5 times the NMB average. While the area contributes under 1% of local GGP, its affluence and small population give it one of the highest per capita GGP rates in the city. Employment and skills levels are high, with just over 60% employed and 37% of those in highly-skilled professions.

The MBDA's upgrading of the King's Beach precinct received an overwhelming thumbs-up, with 96% of businesses in the area expressing confidence in the agency and its activities. Residents, however, were a little more subdued, with a confidence rating of 76%, resulting in an 80% confidence score overall, the highest average for the four survey areas.

Almost three-quarters of businesses had made improvements to their properties over the past few years, with businesses more willing than residents to invest in improvements and 1.5 times more likely than residents to feel that the MBDA's upgrading projects would increase their property value.

Uitenhage

The Uitenhage CBD shares a number of characteristics with Govan Mbeki Avenue and is dominated by businesses supply durable and semi-durable goods. Two unique factors are the absence of residential accommodation in the CBD, and the limited number of businesses in the services sector. Households in the areas immediately adjacent to the CBD are predominantly low- to middle-income. Although the study area accounts for approximately 11.4% of Uitenhage's GGP, it contributes just 0.8% to the economic output of the city as a whole. Approximately 43% of people in the study are employed, 13.7% in highly-skilled roles.

Businesses and users of the Uitenhage CBD, although negative on some issues, were some of the most positive with respect to confidence in the MBDA and its projects. More than 90% of businesses in the Uitenhage CBD rent their properties, resulting in a low level (31.3%) of plans to make improvements to their property. Also, few believed that their property value had increased, and were thus unwilling to (re)invest.

In contrast to the negativity of business owners, 80% of CBD users indicated that they spent more money in the area since completion of the upgrades. While businesses felt the upgrades had significantly improved factors such as noise levels, lighting and the number of derelict buildings, they believed the upgrades had done little to improve accessibility in terms of parking, deliveries and congestion. CBD users were more optimistic about changes in the area, with between 41 and 61 % saying that the number, diversity and quality of businesses in the CBD had improved since the upgrading.

ii. Economic Impact Assessment

Capital expenditure by the MBDA of almost R100-million during 2010 and 2011 on the Donkin Reserve, King's Beach and Uitenhage Market Square projects had a significant economic multiplier effect, increasing new business sales by R244.9-million. The corresponding impact on the GVA of the NMBM was R80.9-million over the course of the projects. Once completed the King's Beach upgrade will have had the most impact on the local economy, increasing GVA by R31.2-million. The construction phase of the projects created 673 direct, indirect and induced employment opportunities, the majority (40.2%) on the Donkin Reserve projects.

iii. Conclusion

The survey results clearly show that the MBDA's projects will continue to promote urban renewal, to transform public perceptions and confidence, and stimulate employment creation. As the economic survey information system grows with the addition of new data each year, trends in the mandate areas will be identifiable, assisting with both assessing the effectiveness and impact of projects, and guiding future planning decisions.

Section 05: Financial Performance

1. Annual Financial Statements

Please refer to the unaudited financial statements that were submitted as part of this report to the Auditor-General.

i. Statement of financial performance

The agency does not earn revenue proper as its key mandate is to deliver strategic and urban renewal projects on behalf of its parent municipality, from whom it receives the majority of its funding. Its main source of own income is interest earned on cash investments which totalled R2,6 million for the year under review. The majority of the revenue earned is based on revenue being recognised as the agency spends its grant funds and this totalled R69,6 million, with total expenditure for the same period being R69,4 million, resulting in a surplus of R102,000 being recorded.

Current assets totalled R67,9 million of which cash and cash equivalents made up R60,6 million. Current liabilities totalled R65,7 million of which unspent conditional grants made up R57,6 million of this total. The accumulated surplus is represented by the net book value of plant, property and equipment while retention creditors totalled R2,2 million.

ii. Spending against capital budget

A total of R305,000 was spent on property, plant and equipment versus a budget of R445,000 with the main savings incurred relating to computer equipment and furniture and fittings.

Capital project costs for the financial year reflected an underspend of R39 million and which has to be read in conjunction with note 5 of the financial statements. The main reason for this underspend relates to the Tramways Building which is a 3-year project for which the majority of the budget was acquired upfront and is hence a timing related variance. It must further also be borne in mind that the nature of the entity's projects are that its duration runs over 24 to 36 months and that prior to the construction costs being incurred that various planning, public participation, heritage approval phases are having to be undertaken before the project commences proper.

iii. Cash Flow Management and Investment

The entity managed its cash resources well and was able to invest cash excess to its requirements into money market call accounts and fixed term deposits at competitive rates.

iv. Other financial matters

The entity incurred savings on certain operating expenditure items due to either timing of such expenditure in relation to the financial period (committed but not spent) or where genuine savings were realised. It must also be noted that the budget of R4,75 million for strategic spatial studies should reduce to R1,25 million as an operational grant from the IDC will only be received in the 2013/14 period.

Section 06: Auditor General Findings

1. Auditor general's report